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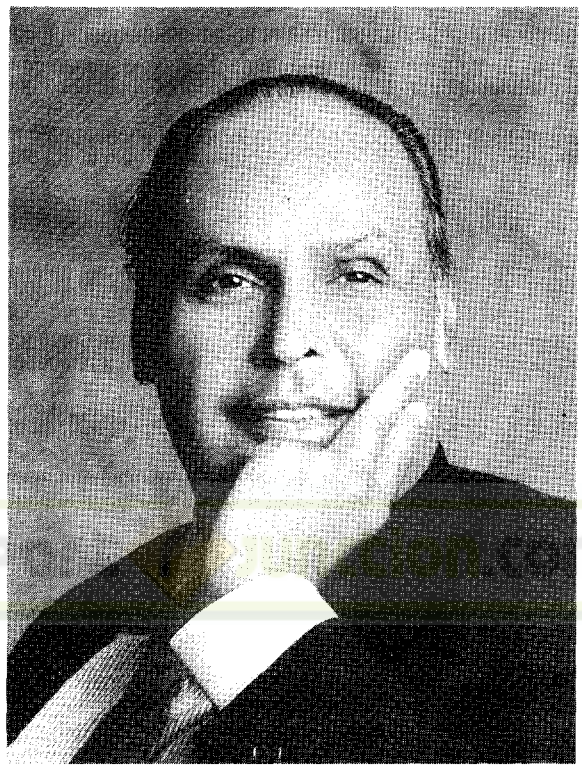
NINETEENTH ANNUAL REPORT 2004 - 2005

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"If you can dream it, you can do it."

Dhirubhai H. Ambani

(28th December, 1932 - 6th July, 2002)
Reliance Group - Founder and Visionary

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Reliance Capital Limited

NINETEENTH ANNUAL GENERAL MEETING

on Wednesday, the 17th August, 2005, at 10:30 a.m., at Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat.

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REGISTERED OFFICE

Village Meghpar / Padana,
Taluka Lalpur,
Dist. Jamnagar - 361 280, Gujarat.
Tel.: 91-288-3011556.
Fax: 91-288-3011598.

CORPORATE OFFICE

Fosbery Road,
off Reay Road Station (East),
Mumbai - 400 033.
Tel.: 91-22-30411000.
Fax : 91-22-30411067.

BOARD OF DIRECTORS

Shri Anil D. Ambani - Chairman (w.e.f. 19th June, 2005)
Shri Amitabh Jhunjhunwala
Shri Rajendra P. Chitale (w.e.f. 19th June, 2005)
Shri D. Chaturvedi*
Shri Anand Jain*
Shri D. J. Kapadia*
Shri S. S. Thakur**
Shri Sandeep H. Junnarkar*
Shri Alok Agarwal*
(*upto 19th June, 2005 / **upto 18th July, 2005)

COMPANY SECRETARY & MANAGER

Shri V. R. Mohan

SOLICITORS & ADVOCATES

Bhasin & Co.

AUDITORS

Pathak H. D. & Associates.

BANKERS

Allahabad Bank
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Punjab National Bank
Syndicate Bank
UTI Bank Limited

SUBSIDIARIES

Reliance Capital Asset Management Limited
Reliance Capital Trustee Co. Limited
Reliance General Insurance Company Limited
Reliance Life Insurance Company Limited

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Ltd.

Hyderabad : 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.
91-40-23320666, 23320711, 23323037
91-40-23323058
Email: rclinvestor@karvy.com
Website: www.karvy.com

Mumbai : Tulsiani Chambers
10th Floor, Nariman Point
Mumbai 400 021.
91-22-30325645, 30325624
91-22-22855731

Jamnagar : 241, City Arcade,
Near DSP Building,
Jamnagar - 361 001
91-288-2557862-65
91-288-2553106

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Reliance Capital Limited

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Reliance Capital Limited will be held on Wednesday, 17th August, 2005 at 10.30 A.M., at the Registered Office of the Company, at Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity Shares and note payment of interim dividend on preference shares.
3. To appoint a Director in place of Shri Amitabh Jhunjhunwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Pathak H. D. & Associates, Chartered Accountants, the retiring Auditors of the Company, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors.

Special Business:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

 "RESOLVED THAT Shri Anil D. Ambani, who was appointed as an additional director of the company by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

 "RESOLVED THAT Shri Rajendra P. Chitale, who was appointed as an additional director of the company by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

V. R. Mohan
Company Secretary & Manager

Mumbai
Dated: 18th July, 2005

Registered Office:
Village Meghpar / Padana
Taluka Lalpur, Dist. Jamnagar - 361 280

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
8. (a) The Company has already notified closure of Register of Members and Transfer Books thereof from Wednesday, June 1, 2005 to Friday, June 10, 2005 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares for the year ended 31st March, 2005. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.

 (b) The dividend on Equity Shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after August 17th, 2005.

 (c) Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of three months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centres/branches of the said Bank. The members are therefore, advised to encash Dividend Warrants within the initial validity period.

9. a) In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend Warrants:

 (i) Name of the Sole/First joint holder and the Folio Number.

 (ii) Particulars of Bank Account, viz.: (a) Name of the Bank (b) Name of Branch (c) Complete address of the Bank with Pin Code Number (d) Account type, whether Savings (SB) or Current Account (CA) (e) Bank Account number allotted by the Bank

 (b) Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.

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10. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends up to the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Gujarat, Jivabhai Chambers, ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stop, Ahmedabad - 380009, Tel. No. 27437597 / 27438531, Fax No. 27428785 in the prescribed form, which will be furnished on receipt of request by the Registrars and Transfer Agents, Karvy Computershare Private Limited.

11. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1998 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividend for the year ended 31st March, 1997 to the IEPF.

 Information in respect of such unclaimed dividend, for the last date of claiming is given below:-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend
31.03.1998	30.09.1998	29.09.2005
31.03.1999	21.09.1999	20.09.2006
31.03.2000	24.06.2000	23.06.2007
31.03.2001	16.06.2001	15.06.2008
31.03.2002	06.07.2002	05.07.2009
31.03.2003	28.06.2003	27.06.2010
31.03.2004	10.07.2004	09.07.2011

 Shareholders who have not encashed the dividend warrant(s) so far, are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, Karvy Computershare Private Limited immediately. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

12. Non-Resident Indian Shareholders are requested to inform Karvy Computershare Private Limited immediately:
 a) The change in the Residential status on return to India for permanent settlement.
 b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.

13. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.

14. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrars and Transfer Agents, Karvy Computershare Private Limited.

15. Re-appointment / Appointment of Directors:

 At the ensuing Annual General Meeting, Shri Amitabh Jhunjhunwala, Director of the Company retires by rotation and being eligible offers himself for re-appointment. Shri Anil D. Ambani and Shri Rajendra P. Chitale, additional directors hold office upto this Annual General Meeting and are proposed to be appointed as Directors under section 257 of the Companies Act, 1956. The information or details pertaining to these Directors, to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Statement on Corporate Governance published elsewhere in this Annual Report.

By Order of the Board of Directors

V. R. Mohan
Company Secretary & Manager

Mumbai
Dated: 18th July, 2005

Registered Office:
Village Meghpar / Padana
Taluka Lalpur, Dist. Jamnagar - 361 280

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts relating to special business:-

Item no. 5 & 6

The Board of Directors at the meeting held on 19th June, 2005, appointed Shri Anil D. Ambani and Shri Rajendra P. Chitale as Additional Directors of the Company, in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company. Pursuant to Section 260, the above directors hold office upto the date of ensuing Annual General Meeting. The Company has received notice(s) from a member of the Company under section 257 of the Companies Act, 1956 proposing the respective candidature for the office of the Director.

Keeping in view the experience and qualification of the aforesaid persons, your Directors considered it to be in the interest of the Company, if they are appointed as Directors of the Company, liable to retire by rotation as per the provisions of Companies Act, 1956.

Your Directors therefore recommend the said resolutions for your approval.

The aforesaid Directors, may be deemed to be concerned or interested in the resolution relating to their respective appointments.

None of the other Directors are, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

V. R. Mohan
Company Secretary & Manager

Mumbai
Dated: 18th July, 2005

Registered Office:
Village Meghpar / Padana
Taluka Lalpur, Dist. Jamnagar - 361 280

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Reliance Capital Limited

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 19th Annual Report, together with the audited statement of accounts of the Company for the year ended 31st March 2005.

Financial Results:

(Rs in crore)

	Year ended 31-3-2005	Year ended 31-3-2004
Gross Income	**295.69**	356.79
Gross Profit	**138.98**	147.88
Less: Depreciation	**27.77**	42.09
Profit Before Tax	**111.21**	105.79
Provision for Taxation	**5.40**	-
Net Profit	**105.81**	105.79
Add: Profit brought forward from the previous year	**188.49**	166.81
Profit available for Appropriation	**294.30**	272.60
Dividend including Dividend Tax	**43.64**	41.65
Transfer to General Reserve	**24.65**	21.31
Transfer to Statutory Reserve Fund	**21.18**	21.15
Transfer to Capital Redemption Reserve	**0.13**	-
Balance carried forward	**204.70**	188.49

Dividend:

Your Directors have recommended a dividend of Rs. 3 per Equity Share on 12,73,06,244 equity shares of Rs 10 each aggregating to Rs 38.19 crore for the financial year ended March 31, 2005 which if approved at the ensuing Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear in the Register of Members as on June 10, 2005 and (ii) to those whose names as beneficial owners, are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

Your Directors have paid an Interim Dividend (pro-rata) on 12,500 - 5% Cumulative Redeemable Non- Convertible Preference Shares Rs 100/- each aggregating to Rs 4,453 for the period 1st April, 2004 till the date of redemption.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance :

Reliance Capital Ltd.'s (RCL's) gross income for the financial year ended 31st March, 2005 was Rs 295.69 crore, compared to Rs 356.79 crore in the previous year.

The operating profit (PBDIT) of the Company was at Rs 290.06 crore.

Interest expenses for the year declined to Rs 151.08 crore, compared to Rs 200.39 crore, primarily on account of substitution of higher cost borrowings with lower cost debt.

Depreciation was at Rs 27.77 crore compared to Rs 42.09 crore in the previous year.

Provision for taxation during the year was Rs 5.40 crore.

Net profit marginally increased to Rs 105.81 crore from Rs 105.79 crore in the previous year.

During the year ended 31st March, 2005, the Company has adjusted impairment loss of Rs. 5.92 crores against the General Reserves, in terms of Accounting Standard (AS - 28) on Impairment of Assets, issued by The Institute of Chartered Accountants of India.

An amount of Rs 21.18 crore was transferred to Statutory Reserve Fund pursuant to Section 45IC of the Reserve Bank of India Act, 1934, and an amount of Rs 24.65 crore has been transferred to the General Reserve during the year under review.

The Company's Net worth as on 31st March, 2005 stood at Rs 1437.92 crore, as against Rs 1,399.81 crore last year.

Resources and Liquidity:

RCL's long-term debt equity ratio as on 31st March, 2005 was 0.05:1, which is very conservative. Consequent upon all rated debt being repaid in full, no ratings were obtained during the year.

The Company, redeemed its 12,500 - 5% Cumulative Redeemable Non- Convertible Preference Shares Rs 100/- each at a premium of Rs. 7900 per share.

The Board has proposed a preferential offer of equity shares and/or equity related securities to AAA Enterprises Private Limited and long term institutional investors, to further strengthen the Company's financial position, and to generate long term resources for its future growth plans upto an aggregate amount of Rs. 3,000 crores.

Industry Structure and Developments:

The operations of Non Banking Financial Companies (NBFCs) are being regulated and supervised by Reserve Bank of India in terms of powers conferred under chapter III- B of Reserve Bank of India Act, 1934. The regulatory and supervisory framework for NBFCs have been continuously strengthened in order to ensure strong and healthy functioning, limiting the excessive risk taking practices protecting the interest of the deposit holders.

The NBFC sector in India has become very mature with reduced dependence on acceptance of public deposits as part of its overall funding. The NBFC sector is now represented by a mix of a few large companies with nationwide presence and a large number of small and medium sized companies with regional focus.

In recent years, NBFCs are witnessing strong competition in their traditional areas of retail lending from Banks and Financial Institutions. Banks, which have innate advantage of lower cost of funds, are taking an increasing share in retail financing and providing strong competition to NBFCs.

The Reserve Bank of India also intends towards moving to a phase of non- acceptance of public deposits by NBFCs over the years.

In this scenario, NBFCs are now under pressure to cut costs and to develop a focussed marketing approach on selected customer segments by offering more personalized services. The entry of strong NBFCs in insurance and banking have been some of the major developments in this sector.

Business Review:

RCL's operations continue to be mainly focused on the areas of funding of projects in the infrastructure sector, contributing to the country's overall economic growth and development. The investment

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DIRECTORS' REPORT - CONTD...

portfolio of the Company is structured in a manner to realize the highest post tax returns on investments. As on 31st March, 2005, your company's investment in infrastructure projects stood at Rs 1,071 crore.

Opportunities:

With GDP growth forecast of 6 - 7% over the next few year, the Indian economy will continue to provide several attractive growth opportunities. The increased thrust on the infrastructure sector, including power, roads, ports, telecom and other urban infrastructure projects, will continue to provide excellent investment opportunities in the future.

In addition, the services sector which is growing at rapid pace and contributes substantially to GDP, will provide many new opportunities for the financial services industry in India.

Challenges:

The NBFC sector continues to face competitive pressures from the banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

RCL's strong financial position, reflected by its low debt:equity ratio and adoption of prudent business strategies, have enabled it to consistently post satisfactory performance despite these difficult conditions.

Outlook:

The financial services sector is one of the key growth sectors of the economy. Globally, 5 of the top 20 Fortune 500 companies are financial services companies. 21% of total revenues and 27% of total profits of all Fortune 500 companies are generated by the financial services sector, the largest by any single sector.

RCL intends to actively pursue growth opportunities in the fast growing financial services sector in the country, to become a full service financial services company with activities encompassing, inter alia, asset management and mutual funds, life and general insurance, and other financial services.

Risks and Concerns:

RCL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risk, and credit risk. RCL manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

Adequacy of Internal Control:

An extensive system of internal controls is practiced by RCL to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are authorised, recorded and reported correctly.

RCL ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee of Directors reviews the adequacy of internal control.

Human Resource Development :

RCL has a team of able and experienced professionals. The number of employees as on 31st March, 2005 stood at 21.

Subsidiaries:

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors and the respective Auditors' Report thereon of all the subsidiaries for the year ended 31st March, 2005 are annexed together with the statement relating to company's Interest in the Subsidiary Companies.

During the year, Reliance General Insurance Company Ltd., (RGICL) has booked gross direct premium of Rs 161.68 crore, as against Rs 161.05 crore in the previous year. RGICL has earned a net profit after tax of Rs 5.83 crore as against Rs 8.99 crore during the previous year.

Reliance Capital Asset Management Ltd., (RCAM) had total assets under management of Rs 9,542 crore as on 31st March, 2005, an increase of Rs 2,302 crore compared to Rs 7,240 crore in the previous year. RCAM earned a net profit after tax of Rs 12.55 crore for the year under review, compared to Rs 7.46 crore in the previous year.

Fixed Deposits:

During the year, RCL did not accept or renew any fixed deposits.

At on 31st March, 2005, 62 deposit accounts aggregating Rs 0.10 crore remained unclaimed on the due dates.

RCL has intimated the deposit holders individually of their unclaimed amount with a request to return the Fixed Deposit Receipts duly discharged to enable the Company to repay the amount.

Directors:

Shri Amitabh Jhunjhunwala - Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Shri Anil D. Ambani was appointed as an Additional Director and designated as Chairman of the Company w.e.f. 19th June, 2005. Shri Rajendra P. Chitale, was also appointed as an Additional Director of the Company w.e.f. 19th June, 2005.

Shri D. Chaturvedi, Shri Anand Jain, Shri D. J. Kapadia, Shri Sandeep H. Junnarkar and Shri Alok Agarwal resigned as Directors w.e.f. 19th June, 2005; and Shri S. S. Thakur, resigned as Director w.e.f. 18th July, 2005.

Your Directors place on record their deep appreciation for the invaluable contributions made by Shri D. Chaturvedi, Shri Anand Jain, Shri D. J. Kapadia, Shri Sandeep H. Junnarkar, Shri Alok Agarwal and Shri S. S. Thakur during their tenure as Directors of the Company.

A brief resume of the Director(s) retiring by rotation / seeking appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas, and names of companies in which they hold the directorship and the membership/Chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

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DIRECTORS' REPORT - CONTD...

Delisting from Ahmedabad Stock Exchange :

The Equity shares of the Company have been voluntarily delisted from the Stock Exchange, Ahmedabad, with effect from 15th October, 2004, pursuant to the approval received from the Exchange, in accordance with the SEBI (Delisting of Securities) Guidelines, 2003.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March,, 2005 and of the profit of the Company for the year under review;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts of the company on a 'going concern' basis.

Consolidated Financial Statements:

In accordance with Accounting Standard -21 (AS 21) on Consolidated Financial Statements read with Accounting Standard -23 (AS 23) on Accounting for Investments in Associates, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from subsidiary companies, as approved by their respective Boards.

During the year ended 31st March, 2005, the Company sold its entire holding of 50% in Reliance Petroinvestments Limited., which holds 46% equity shares of Indian Petrochemicals Corporation Limited. (IPCL) to Reliance Pharmaceuticals (India) Private Limited and Reliance Nutraceuticals Private Limited, both associates of Reliance Industries Limited. Accordingly, the consolidated financial results for the year ended 31st March, 2005 do not include the working of Reliance Petroinvestments Limited and IPCL, Consequently, the consolidated profits for the year were lower by Rs. 139.58 crores.

Auditors & Auditor's Report:

M/s Pathak H. D. & Associates, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from Pathak H. D. & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further comments.

Personnel:

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employee is set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, the report and the accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its Registered Office.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under: -

(1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

(2) Foreign Exchange earnings and outgo:

Earnings	-	Nil
Outgo	-	Rs 0.26 crore

Corporate Governance:

A seperate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

Acknowledgements:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

For and on behalf of the Board of Directors

Anil D. Ambani
Chairman

Mumbai
Dated: 18th July, 2005

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CORPORATE GOVERNANCE

The Company pursuant to Clause 49 of the listing agreement with the Stock Exchanges furnishes its report on the code on Corporate Governance.

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

The Company is committed to achieve the highest international standards of Corporate Governance.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

I. Composition and Category

The Board of the Company at present consists of three Directors, all being Non-Executive, two of whom are independent.

II. Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies

Name of the Director	Attendance Particulars		No. of other directorships and committee member/chairmanship		
	Board Meetings	Last AGM	Other Directorships##	Committee Memberships	Committee Chairmanships
Shri Anil D. Ambani * - (C)	NA	NA	3	1	1
Shri Amitabh Jhunjhunwala - I	3	N	3	4	2
Shri Rajendra P. Chitale * - I	NA	NA	6	8	1
Shri D. Chaturvedi **	5	Y	1	3	2
Shri Anand Jain **	4	N	5	3	1
Shri D. J. Kapadia **	5	Y	1	3	1
Shri S. S. Thakur ***	5	Y	7	10	2
Shri S. H. Junnarkar **	5	Y	13	10	1
Shri Alok Agarwal **	3	N	-	-	-

C - Chairman, I - Independent

*Shri Anil D. Ambani was appointed as the Chairman of the Company w.e.f. 19th June, 2005. Shri Rajendra P. Chitale was also appointed as the Director of the Company w.e.f. 19th June, 2005.

**Shri D. Chaturvedi, Shri Anand Jain, Shri D. J. Kapadia, Shri Sandeep H Junnarkar and Shri Alok Agarwal resigned as Directors w.e.f. 19th June, 2005.

***Shri S.S. Thakur, resigned as Director w.e.f. 18th July, 2005.

(excluding directorship held in Private Limited and Section 25 Companies)

III. Number of Board Meetings held and the dates on which held

During the year ended 31st March, 2005, five Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on April 27, 2004, July 10, 2004, July 22, 2004, October 21, 2004, and January 20, 2005.

The Company has held at least one meeting in every three months and the maximum time gap between any two Board Meetings was not more than four months. None of the directors of the Company was a member of more than ten committees or the Chairman of more than five committees across all public limited companies in which have a director.

For the purpose of considering the limit of the Committees as stated above, only Audit Committee, Shareholders / Investors Grievances Committee and Remuneration Committee across all public limited companies has been considered in accordance with clause 49 of the Listing Agreement.

IV. Information on Directors Appointment / Re-appointment

Brief resume of Directors being re-appointed / appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of the companies in which they hold directorship (excluding directorship held in Private Limited and Section 25 Companies) and the membership of committees of the Board is furnished hereunder :

(i) **Shri Anil D.Ambani,** aged 46 years is an MBA from the Wharton School, University of Pennsylvania, USA. He joined Reliance Industries Limited in 1983 as Co-Chief Executive Officer. He is credited with having pioneered many financial innovations in the Indian capital markets. He pioneered India's first forays into overseas capital markets with international public offerings of global depositary receipts, convertibles and bonds. He directed Reliance in its efforts to raise, since 1991, around US$2 billion from overseas financial markets; with a 100-year yankee bond issue in January 1997 being the high point. He has steered the Reliance Group to its current status as India's leading textiles, petroleum, petrochemicals, power, and telecom player. He is the Chairman of the Audit Committee of the Company. He is Chairman and Managing Director of Reliance Energy Limited. He is also on the Board of Reliance Infocomm Limited and Reliance Communications Infrastructure Limited.

(ii) **Shri Rajendra P. Chitale,** aged 44 years, is an eminent Chartered Accountant and Managing Partner, M/s M. P. Chitale & Co. He is also a member of the Takeover Panel, Securities and Exchange Board of India, the Company Law Advisory Committee of Government of India, and the Advisory Group on Derivatives, Securities and Exchange Board of India. He is a Member of the Audit Committee, Shareholders/Investors Greivances Committee and Remuneration Committee of the Company. He is also the Chairman of Audit Committee of Asset Reconstruction Company (India) Ltd., and a member of Audit Committee of NSE, National Securities Clearing Corporation Ltd and Hinduja TMT Ltd. He is also a member of Remuneration Committee of Asset Reconstruction Company (India) Ltd. He is on the Boards of National Stock Exchange of India Ltd (NSE), National Securities Clearing Corporation Ltd., Asset Reconstruction Company (India) Ltd, Gujarat Ambuja Cements Ltd, Hinduja TMT Ltd., Net4Nuts Ltd.

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(iii) **Shri Amitabh Jhunjhunwala,** aged 49 years is a Chartered Accountant and is having vast experience in the field of financial and capital markets. He is a member of Audit Committee and Chairman of Shareholders / Investors Grievances Committee and Remuneration Committee of the Company. He is also a member of Audit Committee of Reliance Capital Asset Management Limited. He is on the Board of Reliance Capital Asset Management Limited, Sonata Investments Limited and Reliance Life Insurance Company Limited.

3. Board Committees

A. Audit Committee

I. Composition, names of members and Chairperson

The Audit Committee, during the year under review, comprised of four non-executive Directors, majority being independent., viz. Shri D.Chaturvedi, Chairman, (a Chartered Accountant - having financial and accounting knowledge), Shri D.J.Kapadia, Shri S. S. Thakur and Shri Sandeep H. Junnarkar. The Committee has been reconstituted w.e.f. 18th July, 2005 and presently comprises of Shri Anil D. Ambani, Shri Rajendra Chitale and Shri Amitabh Jhunjhunwala. The constitution of the Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 and para 9A of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

II. Terms of Reference

The terms of reference of the Audit Committee, as contained under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, are as follows:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information.

b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e. Reviewing the adequacy of internal audit functions.

f. Discussion with internal auditors any significant findings and follow up there on.

g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

i. Reviewing the Company's financial and risk management policies.

j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

III. Meetings and attendance during the year

During the year ended 31st March, 2005, the Committee has met four times as against the minimum requirement of three meetings. The meetings were held on April 27, 2004, July 22, 2004, October 21, 2004, January 20, 2005. All the then members of the Committee were present at all the above meetings. Representatives of Internal Auditors and Statutory Auditors were invited to be present at the Audit Committee meetings.

B. Remuneration Committee

The Remuneration Committee, during the year under review, comprised of three Non-Executive Directors, majority being independent including the Chairman. viz. Shri D. Chaturvedi, Shri Anand Jain, and Shri S. S. Thakur. The Committee has been reconstituted w.e.f. 18th July, 2005 and presently comprises of Shri Rajendra Chitale and Shri Amitabh Jhunjhunwala.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice.

The Company is not paying any remuneration to any of its non-executive directors except sitting fees for attending the meetings of the Board and / or the Committee thereof, the details of which is are given elsewhere in the report.

i. Details of remuneration paid to Manager for the year

The Board appointed Shri V. R. Mohan as Manager, designated as Company Secretary & Manager under Companies Act, 1956 w.e.f. 7th March 2003 for a period of 3 years. The aggregate value of salary, allowances and perquisites paid to Shri V. R. Mohan, Manager for the year ended 31st March, 2005 was Rs. 9,28,476. The above amount is inclusive of Company's contribution to Provident Fund, Superannuation and Gratuity at the end of tenure, as per the rules of the Company.

II. Sitting fees paid to Directors

The Company paid sitting fees to all the Non-Executive Directors at the rate of Rs. 10,000/- for attending each meeting of the Board and / or Committee thereof. The sitting fees paid to the Non-Executive Directors for the year ended 31st March, 2005 were as follows:- Shri D. Chaturvedi - Rs. 90,000/-; Shri D.J.Kapadia

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- Rs.1,20,000/-; Shri Anand Jain - Rs.70,000/-; Shri S.S.Thakur- Rs.90,000/-; Shri Sandeep H Junnarkar - Rs. 90,000/-; Shri Amitabh Jhunjhunwala - Rs. 60,000/-; Shri Alok Agarwal - Rs. 30,000/-.

During the year ended 31st March, 2005, the Company had also paid Rs. 1,00,000 (gross) as professional fees to M/s Junnarkar & Associates, a firm in which Shri Sandeep H. Junnarkar, Director of the Company is a partner.

No stock options were granted to the directors during the year.

C. Shareholders / Investors Grievance Committee

The Board of the Company has constituted a Shareholders / Investors Grievance Committee comprising of non-executive directors viz. Shri Anand Jain, Shri D.J.Kapadia, and Shri Amitabh Jhunjhunwala. The Board at its meeting held on 20th January, 2005 inducted Shri D. Chaturvedi and Shri S S. Thakur as members of the Committee. The Committee has been reconstituted w.e.f. 19th June, 2005 and presently comprises of two non-executive Directors viz. Shri Amitabh Jhunjhunwala and Shri Rajendra P. Chitale.

The Committee oversees the performance of the Registrars and Transfer Agents and recommends measures to improve the level of investor services.

The Company has authorised Directors and Shri V. R. Mohan - Company Secretary and Manager, severally to approve the share transfers.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorised the Committee to implement and monitor the various requirements as set out in the Code.

The Board has designated Shri V.R.Mohan, Company Secretary & Manager, as the compliance officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year under review was 1323. Outstanding complaints as on 31st March, 2005, were NIL.

78 requests for transfer and 138 requests for dematerialisation were pending for approval as on 31st March, 2005 which were approved, processed and dispatched on or before 1st April, 2005 & 2nd April, 2005 respectively.

4. General Body Meetings

i. Location and time of the last three Annual General Meetings were as follows:-

Year	Location	Date	Time
2001-2002	Thakorebhai, Desai Hall, Ahmedabad	6th July, 2002	12:15 p.m.
2002-2003	Thakorebhai, Desai Hall, Ahmedabad	28th June, 2003	2:30 p.m.
2003-2004	Village Meghpar / Padana, Taluka Lalpur, Dist. - Jamnagar, Gujarat.	10th July, 2004	11.00 a.m.

ii. Special Resolution

At the last Annual General Meeting held on 10th July, 2004, the Company has passed a special resolution, for delisting of equity shares from the Stock Exchange, Ahmedabad.

Consequent upon the approval, the equity shares of the Company were delisted from The Stock Exchange, Ahmedabad w.e.f. 15th October, 2004.

iii. POSTAL BALLOT

At the ensuing Annual General Meeting there is no resolution which is proposed to be passed by postal ballot.

5. DISCLOSURES

i. **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosures of transactions with related parties set out in the notes on accounts - Schedule 'M" forming part of the annual report

ii. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.**

There have been no instances of non-compliance by the Company on any matters related to Capital Markets, during last years and hence no penalties and strictures have been imposed on the Company by the Stock Exchanges or SEBI, or any statutory authority.

6. Means of Communication

i. Quarterly results

In compliance of the provisions of clause 41 of the listing agreement, the un-audited quarterly financial results, as approved by the Board, were duly published within the stipulated time period in "The Times of India" (English), "The Business Standard" (English) and "Naubat" (Vernacular).

ii. Half yearly un-audited financial results:

Half yearly un-audited financial results for the half year ended 30th September, 2004 were duly sent to the shareholders.

iii. The Company's website www.rcl.co.in, contains a separate dedicated section 'Investor relations' where shareholder information is available. Full annual report is also available on the website in a user friendly and downloadable form.

iv. Management Discussion and Analysis forms part of the Directors' Report which is posted to the shareholders of the Company.

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CORPORATE GOVERNANCE - CONTD...

7. General Shareholder Information

I. Annual General Meeting

Date and Time	:	Wednesday, 17th August, 2005 at 10.30 A.M.
Venue	:	Registered Office of the Company at Village Meghpar / Padana Taluka Lalpur, Dist. Jamnagar - 361280.

ii. Financial Calendar 2005-06 (tentative):

Results for the quarter ending 30th June, 2005	25th July 2005.
Results for the quarter ending 30th September, 2005	Last week of October 2005.
Results for the quarter ending 31st December, 2005.	Last week of January 2006.
Results for the year ending 31st March, 2006.	Last week of April 2006.
Annual General Meeting	June / July, 2006.

iii. Book closure date : Wednesday, June 1, 2005 to Friday, June 10, 2005 (both days inclusive) for payment of dividend.

iv. Dividend payment date : On or after 17th August, 2005.

v. Listing of Equity Shares on Stock Exchanges at :

1. The Stock Exchange, Ahmedabad**, Kamdhenu Complex, near Polytechnic, Ambawadi, Ahmedabad - 380015 *(** delisted w.e.f., 15.10.2004)*
2. The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001
3. The National Stock Exchange of India Limited "Exchange Plaza" Bandra - Kurla Complex, Bandra (E), Mumbai - 400051.

vi. Annual listing fees : Duly paid to the Stock Exchange, Mumbai and The National Stock Exchange of India Limited for the year 2005-06

vii. Stock Code

(a) Trading Symbol at:	:	The Stock Exchange, Ahmedabad** (** delisted w.e.f., 15.10.2004)	**'49040 RELIANCAPT'**
		The Stock Exchange, Mumbai	**'500111'**
		The National Stock Exchange of India Ltd.	**'RELCAPITAL'**
(b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares	:	**INE 013A01015**	

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viii. Stock Market Data: (in Rs./per share)

Month	The Stock Exchange Mumbai		The National Stock Exchange of India Ltd.	
	High	Low	High	Low
April 2004	169.35	132.00	169.40	131.55
May 2004	164.80	113.90	164.90	114.40
June 2004	137.30	109.10	137.35	108.50
July 2004	130.70	107.00	130.90	108.00
August 2004	137.90	121.75	138.10	121.65
September 2004	147.25	133.90	147.35	134.00
October 2004	150.00	131.40	150.25	131.50
November 2004	152.00	129.30	151.90	129.15
December 2004	146.20	130.00	147.00	115.30
January 2005	146.95	132.00	146.95	130.05
February 2005	177.70	142.05	177.45	141.65
March 2005	193.60	151.90	193.20	151.75

ix. Share Price Performance in comparison to broad based indices - BSE Sensex and NSE Nifty

During the financial year 2004-2005, RCL 's share price outperformed the benchmark indices both on BSE and NSE. On BSE, RCL's share price increased by 35.79 % as compared to an increase of 16.14% of BSE Sensex. Similarly, On NSE, RCL's share price increased by 35.64 % against an increase of 14.89 % of NSE Nifty.

x. Registrars & Transfer Agents (Share transfer and communication regarding share certificates, dividends and change of address) : Karvy Computershare Pvt. Limited
46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034
E - Mail : rclinvestor@karvy.com

xi. Share Transfer System :

Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects.

The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Company Secretary & Manager of the Company. A summary of transfer / transmission of securities of the Company so approved by the Company Secretary & Manager, is placed at every Board Meeting for noting.

The Company obtains from a company secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

xii. Distribution of Shareholding as on 31st March, 2005.

Category	%
Promoters / PACs	48.16
Financial Institutions / Banks / Mutual Funds	0.32
FII's/NRI/OCBs	22.05
Bodies Corporate	2.94
Others	26.53
Total	**100.00**

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CORPORATE GOVERNANCE - CONTD...

xiii. Dematerialisation of Shares : Approximately 92.73% of the company's paid up equity shares has been dematerialised upto 31st March 2005. Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. April 5, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity : Relevant data of the average daily turnover for the financial year 2004-2005 is given below:

	The Stock Exchange, Mumbai (BSE)	National Stock Exchange (NSE)	BSE + NSE
No. of Shares (in lakhs)	5.65	9.19	14.84
Value (in Rs. crs)	8.23	13.34	21.57

xiv. Outstanding GDRs / ADRs / Warrants or any Convertible instrument, conversion date and likely impact on equity.
The Company is not having an Outstanding GDRs / ADRs / Warrants or any other Convertible instrument as on date.

xv. Plant Locations
As the company is engaged in the business of non-banking financial services, there is no plant locations.

xvi. Address for Correspondence

I. Investor Correspondence: For transfer / dematerilisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

For Shares held in Physical form
Karvy Computershare Pvt. Ltd.
46, Avenue 4, Street No. 1
Banjara Hills
Hyderabad 500 034
E-Mail: rclinvestor@karvy.com

For Shares held in Demat form to the Depository Participant

II. **Any query on Annual Report** : Reliance Capital Limited,
Reliance Centre
19, Walchand Hirachand Marg,
Ballard Estate,
Mumbai - 400 038.

xvii. Transfer of unclaimed amount to Investor Education and Protection Fund.

The investors are advised to claim the unencashed dividends for the year 1997-98 onwards lying in the unpaid dividend accounts of the Company before the due dates (as indicated in para 11 of Notes to the Notice) for crediting the same to the Investor Education and Protection Fund. During the year under review the Company has credited a sum of Rs. 47,53, 527.60 (inclusive of unencashed dividend for 1996-97 and unclaimed matured depoits) to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

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AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Reliance Capital Limited

We have examined the compliance of Corporate Governance by Reliance Capital Limited for the year ended 31st March 2005, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges (hereinafter referred to as Clause 49).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an express opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has, by 31st March, 2005, complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49.

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, the registrars of the company have certified that as on 31st March, 2005, there were no investor grievances remaining pending for a period exceeding one month, and as explained to us by the management, the registrars have reported to the Shareholders/Investors' Grievance Committee regularly on the status of such grievances.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management had conducted the affairs of the company.

For **Pathak H. D. & Associates**
Chartered Accountants

R. S. Vahia
Partner
Membership No. 30658

Mumbai
Dated : 18th July, 2005

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AUDITORS' REPORT

To
The Members of
Reliance Capital Limited.

We have audited the attached Balance Sheet of Reliance Capital Limited as on 31st March 2005 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
 a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 b) In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of those books;
 c) The Balance Sheet and Profit and Loss account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 d) In our opinion the Balance Sheet and Profit and Loss account and Cash Flow Statement complies with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 e) On the basis of written representations received from directors as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
 (ii) in the case of the Profit and Loss Account, of the Profit, of the Company for the year ended on that date; and
 (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Pathak H.D. & Associates**
Chartered Accountants

R.S. Vahia
Partner
Membership No. 30658

Place: Mumbai
Dated: 25th April, 2005

ANNEXURE TO AUDITORS' REPORT

Re.Reliance Capital Limited

(Reffered to in paragraph 1 of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

 (b) Most of the fixed assets of the Company have been leased. The assets on lease have been certified by the respective lessees as to their physical existence and good working conditions. As explained to us, the fixed assets other than the assets on lease, have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of its business. No material discrepancies were noticed on such verifications.

 (c) As per the information and explanation given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.

ii. (a) As explained to us, inventories (Investments) has been physically verified by the Management at reasonable intervals.

 (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

 (c) On the basis of our examination of inventory records, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to book records.

iii. (a) There are six companies covered in the register maintained under section 301 of the Companies Act, 1956, to which the company has granted loans. The maximum amount involved during the year was Rs. 170.11 Crores and the year end balance of loans granted to such parties was Rs. 805.94 Crores.

 (b) In our opinion, the rate of interest and terms and conditions of above loans are not, prima facie, prejudicial to the interest of the company.

 (c) The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.

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ANNEXURE TO AUDITORS' REPORT

(d) There is no overdue amount of loan granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.

(e) The company had taken loan from five companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1446.10 Crores and the year end balance of loans taken from such parties was Rs. 1240.00 Crores.

(f) In our opinion the rate of interest and other terms and conditions of above loans are not, prima facie, prejudicial to the interest of the company.

(g) The company is regular in repaying the principle amounts as stipulated and has been regular in payment of interest.

(iv) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets, sales of goods and services. We have not observed any continuing failure to correct major weaknesses in internal controls.

(v) (a) According to information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into a register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods & material and sale of goods, materials & services made in pursuance of contracts or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- or more in respect of each party.

(vi) The Company has not accepted deposits from public and hence directives issued by the Reserve Bank of India and the provisions of section 58A and 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii)(a) According to the records of the company, the company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education Protection Fund, Income-tax, Sales-tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no such statutory dues, which have not been deposited on account of any dispute, except in respect of sales tax under Gujrat Sales Tax Act, 1969 amounting to Rs. 4,75,916 for the period 2001-02 which is pending before the Gujrat Sales Tax Tribunal, Ahemdabad and sales tax under Madhya Pradesh Commercial Tax Act, 1994 amounting to Rs. 4,30,472 for the period 1996-97 which is pending before Appellate Deputy Commissioner of the Commercial Tax, Indore Division -1.

(ix) The company neither has accumulated losses nor it has incurred any cash losses during the current financial year and in the immediately preceding financial year.

(x) Based on our audit procedures and the information and explanation given by management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xi) In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.

(xii) In our opinion, the company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiii) The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other investment and timely entries have been made therein. The investments are held by the Company in its own name except for certain shares which are lodged for transfer or are pending for rectification of bad deliveries or are pledged with banks and financial institutions on behalf of third parties.

(xiv) According to the information and explanations given by the management, in our opinion the terms and conditions of the guarantee given by the company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xv) According to the information and explanation given to us the company has not obtained any term loans.

(xvi) On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2005, related informations as made available to us and as represented to us, by the management, fund raised on short term basis aggregating to Rs. 365.58 Crores have been used for repayment of long term borrowings.

(xvii) During the year company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xviii) The Company has not issued any debentures and hence clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(xix) During the year covered by our report the company has not raised any money by public issues.

(xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **Pathak H.D. & Associates**
Chartered Accountants

R.S. Vahia
Partner

Membership No. 30658

Place: Mumbai
Dated: 25th April, 2005

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Reliance Capital Limited

BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in crore)

	SCHEDULE	As at 31st March, 2005		As at 31st March, 2004	
SOURCES OF FUNDS		**Rs.**	**Rs.**	Rs.	Rs.
Shareholders' Funds					
(a) Share Capital	A	**127.84**		127.97	
(b) Reserves & Surplus	B	**1 310.08**		1 271.84	
			1 437.92		1 399.81
Loan Funds					
Unsecured Loans	C		**1 313.55**		1 633.47
TOTAL			**2 751.47**		**3 033.28**
APPLICATION OF FUNDS :					
Fixed Assets	D				
(a) Gross Block		**541.25**		541.45	
(b) Less: Depreciation		**307.39**		279.75	
(c) Lease Adjustment A/c		**(20.32)**		(4.60)	
(d) Net Block		**213.54**		257.10	
(e) Capital Work-in-Progress		**13.05**		18.97	
			226.59		276.07
Investments	E		**1 644.00**		1 541.41
Current Assets, Loans & Advances	F				
(a) Stock in Trade		**306.05**		402.83	
(b) Sundry Debtors		**2.39**		42.84	
(c) Bank Balances		**5.45**		25.36	
(d) Other Current Asset		**476.77**		376.97	
(e) Loans & Advances		**148.69**		837.49	
		939.35		1 685.49	
Less: Current Liabilities & Provisions	G				
(a) Current Liabilities		**11.74**		417.96	
(b) Provisions		**46.73**		51.73	
		58.47		469.69	
Net Current Assets			**880.88**		1 215.80
TOTAL			**2 751.47**		**3 033.28**
Accounting Policies	L				
Notes on Accounts	M				

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board

Chairman — **D. Chaturvedi**
Vice Chairman — **Anand Jain**
Directors — **D. J. Kapadia**, **S. S. Thakur**, **Sandeep H. Junnarkar**, **Alok Agarwal**
Company Secretary & Manager — **V. R. Mohan**

Mumbai
Dated: 25th April, 2005

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in crore)

	SCHEDULE	2004-05		2003-04	
INCOME		Rs.	Rs.	Rs.	Rs.
Lease Income	H	28.93		48.14	
Other Income	I	266.76		308.65	
			295.69		356.79
EXPENDITURE					
Interest and Finance Charges	J	151.08		200.39	
Administrative and Other Expenses	K	5.63		8.52	
Depreciation		27.77		42.09	
Bad Debts Written Off		8.13		10.73	
Impairment Loss		5.92		-	
(Refer Note No.3 of Schedule "D")					
Less: Transferred from General Reserve		(14.05)	-	(10.73)	
			184.48		251.00
PROFIT BEFORE TAX			111.21		105.79
Provision for Current Taxation			5.40		-
Provision for Deferred Tax			-		-
PROFIT AFTER TAX			105.81		105.79
Balance Brought Forward			188.49		166.81
Profit available for appropriations			294.30		272.60
APPROPRIATIONS					
Interim Dividend - Preference Shares (Rs. 4,453)			-		-
Proposed Dividend - Equity Shares		38.19		36.92	
Proposed Dividend - Preference Shares (Rs. Nil, Previous Year Rs. 42,179)		-		-	
Dividend Tax		5.45		4.73	
Transfer to Statutory Reserve Fund		21.18		21.15	
Transfer to General Reserve		24.65		21.31	
Transfer to Capital Redemption Reserve		0.13		-	
Balance Carried to Balance Sheet		204.70		188.49	
			294.30		272.60
Basic and diluted earning per equity share of Rs. 10 each (Refer Note No.10 of Schedule "M")			8.31		8.31
Accounting Policies	L				
Notes on Accounts	M				

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board

Chairman — **D. Chaturvedi**
Vice Chairman — **Anand Jain**
Directors — **D. J. Kapadia**, **S. S. Thakur**, **Sandeep H. Junnarkar**, **Alok Agarwal**
Company Secretary & Manager — **V. R. Mohan**

Mumbai
Dated: 25th April, 2005

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SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in crore)

		As at 31st March, 2005		As at 31st March, 2004	
SCHEDULE "A"		**Rs.**	**Rs.**	Rs.	Rs.
SHARE CAPITAL					
Authorised:					
20,00,00,000	Equity Shares of Rs. 10 each	**200.00**		200.00	
1,00,00,000	Preference Shares of Rs. 100 each.	**100.00**		100.00	
10,00,00,000	Unclassified Shares of Rs. 10 each.	**100.00**		100.00	
			400.00		400.00
Issued and Subscribed					
12,86,50,450	Equity Shares of Rs. 10 each	**128.65**		128.65	
Nil	5% Cumulative Redeemable Preference				
(12,500)	Shares of Rs. 100 each	**-**		0.13	
			128.65		128.78
Paid up					
12,73,06,244	Equity Shares of Rs. 10 each				
(12,73,06,244)		**127.31**		127.31	
	Add: Forfeited Shares (Amount originally paid up on 13,44,206 Equity Shares (Previous Year 13,44,206))	**0.53**	**127.84**	0.53	127.84
Nil	5% Cumulative Redeemable Preference				
(12,500)	Shares of Rs. 100 each		**-**		0.13
			127.84		127.97

NOTES:

Of the above Equity Shares 18,70,000 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash.

SCHEDULE "B"					
RESERVES AND SURPLUS					
Capital Reserve					
As per last Balance Sheet		**6.37**		6.36	
Add: Amount received on forfeited shares		**-**		0.03	
		6.37		6.39	
Less: On Annulment of shares		**-**		0.02	
			6.37		6.37
Capital Redemption Reserve					
As per last Balance Sheet		**10.00**		10.00	
Add: Amount transferred from Profit & Loss Account		**0.13**		-	
			10.13		10.00
Securities Premium Account					
As per last Balance Sheet		**744.58**		734.66	
Add: On Issue of Preference Shares		**-**		9.88	
Add: On Annulment of Shares		**-**		0.04	
		744.58		744.58	
Less: Premium on Redemption of Preference Shares		**9.88**		-	
			734.70		744.58
Statutory Reserve Fund *					
As per last Balance Sheet		**158.52**		137.37	
Add: Amount transferred from Profit & Loss Account		**21.18**		21.15	
			179.70		158.52
General Reserve					
As per last Balance Sheet		**163.88**		153.30	
Add: Amount transferred from Profit & Loss Account		**24.65**		21.31	
		188.53		174.61	
Less: Amount transferred to Profit & Loss Account		**14.05**		10.73	
			174.48		163.88
Profit & Loss Account			**204.70**		188.49
			1 310.08		1 271.84

*Created pursuant to Reserve Bank of India (Amendment) Act, 1997.

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SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in crore)

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
SCHEDULE "C"		
UNSECURED LOANS		
From Bodies Corporate	1 240.00	1 550.34
Security Deposit Received - Lease	73.55	83.13
	1 313.55	1 633.47

NOTES:

Amount payable within one year is Rs. 1244.47 crores (Previous Year Rs. 1059.92 crores).

SCHEDULE "D"
FIXED ASSETS

(Rs. in crore)

DESCRIPTION	Gross Block				Depreciation		Lease Adjustment	Net Block	
	As at 1-4-04 Rs.	Additions/ Adj. Rs.	Deductions/ Adj. Rs.	As at 31-3-05 Rs.	For the year Rs.	Up to 31-3-05 Rs.	31-3-05 Rs.	As at 31-3-05 Rs.	As at 31-3-04 Rs.
ASSETS ON LEASE									
Plant & Machinery	266.52	-	-	**266.52**	14.83	**200.82**	(16.85)	**48.85**	80.00
Furniture & Fittings	0.20	-	-	**0.20**	0.01	**0.12**	(0.08)	**-**	-
Ships	39.60	-	-	**39.60**	2.78	**15.11**	(22.87)	**1.62**	8.12
Aircraft	105.79	-	-	**105.79**	5.93	**27.15**	**19.48**	**98.12**	99.74
Office & Other Equipments	0.01	-	-	**0.01**	-	**0.01**	**-**	**-**	-
Sub - total	412.12	-	-	**412.12**	23.55	**243.21**	(20.32)	**148.59**	187.86
ASSETS FOR OWN USE									
Buildings	119.74	0.04	-	**119.78**	3.26	**57.79**	**-**	**61.99**	65.21
Furniture & Fittings	3.83	-	-	**3.83**	0.47	**2.71**	**-**	**1.12**	1.59
Office & Other Equipments	5.24	-	-	**5.24**	0.40	**3.56**	**-**	**1.68**	2.08
Motor Vehicles	0.52	-	0.24	**0.28**	0.09	**0.12**	**-**	**0.16**	0.36
Sub - total	129.33	0.04	0.24	**129.13**	4.22	**67.18**	**-**	**64.95**	69.24
Grand Total	541.45	0.04	0.24	**541.25**	27.77	**307.39**	(20.32)	**213.54**	257.10
Previous Year	862.14	0.49	321.18	**541.45**	42.09	**279.75**	(4.60)	257.10	
CAPITAL WORK-IN-PROGRESS									
Assets For Own use								**13.05**	18.97
Total								**13.05**	18.97

NOTES:

1 Buildings include :

(i) cost of shares in Co-operative Societies Rs.2,500 (Previous Year Rs.2,500).
(ii) Rs.92.94 crores (Previous Year Rs. 92.94 crores) incurred towards purchase / acquisition of 131,881 Equity Shares of Re. 1 each of Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area of commercial premises.

2 Capital Work-in-progress represents amount of Rs.13.05 crores (Previous Year Rs. 18.97 crores) incurred towards purchase / acquisition of 50,000 Equity Shares of Rs.10 each of Legend Housing Pvt. Ltd. with a right of occupancy of certain area in a commercial / residential premise under construction.

3 Capital Work-in-progress is net of impairment loss of Rs. 5.92 crores and is adjusted against the General Reserves of the Company in terms of Accounting Standard (AS-28) on Impairment of Assets issued by the Institute of Chartered Accountants of India.

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Reliance Capital Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in crore)

SCHEDULE "E"	Face Value / Issue Price Rs.	Quantity As at 31-3-2005	Quantity As at 31-3-2004	Value As at 31-3-2005 Rs.	Value As at 31-3-2004 Rs.
INVESTMENTS					
LONG TERM INVESTMENTS					
Government and Other Securities					
Unqouted					
National Saving Certificates (Rs. 45,000, Previous Year Rs. 45,000)				-	-
(Deposited with Sales Tax Department)					
				-	-
PSU Bonds - UnQuoted (Government Guaranteed)					
13% Gujarat State					
Road Transport Corporation Ltd.	70	**1 00 000**	1 00 000	**0.70**	1.00
(Previous Year Rs. 100)					
				0.70	**1.00**
Trade Investments					
Equity Shares - Quoted, Fully Paid Up					
Reliance Industries Ltd.	10	**36 67 477**	36 67 477	**109.70**	109.70
Relaince Energy Ltd.	10	**1 19 95 089**	1 19 95 089	**294.92**	294.92
(formerly known as BSES Ltd.)					
				404.62	**404.62**
Equity Shares - Unquoted, Fully Paid Up					
Reliance Europe Ltd.	1£	**5 54 250**	5 54 250	**1.97**	1.97
(company under same management)					
Reliance Enterprises Ltd.	10	**-**	11 279	**-**	-
(company under same management)					
Reliance Land Pvt. Ltd.	10	**50 00 000**	50 00 000	**5.00**	5.00
Reliance Share & Stock Brokers Pvt. Ltd.	10	**50 00 000**	50 00 000	**5.00**	5.00
Reliance Net Ltd.	10	**3 55 000**	3 55 000	**0.36**	0.36
Reliance Petroinvestments Ltd.	10	**-**	44 38 777	**-**	4.44
WorldTel Holding Ltd.	$0.05	**8 14 295**	8 14 295	**22.65**	22.65
Preference Shares - Unquoted, Fully Paid Up					
12% Cumulative Redeemable					
Preference Shares-Reliance Share &					
Stock Brokers Pvt. Ltd.	100	**4 00 000**	4 00 000	**4.00**	4.00
				38.98	**43.42**
Subsidiary Companies - Unquoted, Fully Paid up Equity Shares					
Reliance Capital Asset Management Ltd.	10	**75 00 700**	75 00 700	**7.50**	7.50
Reliance Capital Trustee Co. Ltd.	10	**50 700**	50 700	**0.05**	0.05
Reliance General Insurance Company Ltd.	10	**7 65 00 525**	7 65 00 525	**76.50**	76.50
Reliance Life Insurance Company Ltd.	10	**15 00 525**	15 00 525	**1.50**	1.50
Preference Shares - Unquoted, Fully Paid Up					
5% Cumulative Redeemable Preference Shares-					
Reliance Capital Asset Management Ltd.	100	**3 50 000**	3 50 000	**3.50**	3.50
				89.05	**89.05**

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in crore)

	Face Value / Issue Price	Quantity As at 31-3-2005	Quantity As at 31-3-2004	Value As at 31-3-2005	Value As at 31-3-2004
SCHEDULE "E" (contd.)	**Rs.**			**Rs.**	**Rs.**
INVESTMENTS					
Non Trade Investments					
Equity Shares - Unquoted, Fully Paid Up					
Comart Lithographers Ltd.	10	**4 50 000**	-	**1.15**	-
GMS Technologies Ltd.	10	**5 40 000**	-	**0.75**	-
Him Tekno Forge Ltd.	10	**12 50 000**	-	**1.60**	-
Observer (India) Ltd.	10	**23 200**	23 200	**0.02**	0.02
Reliable Internet Ltd.	10	**10 00 000**	10 00 000	**1.00**	1.00
Reliance Telecom Ltd.	10	**39 860**	39 860	**0.04**	0.04
Roots Industries Ltd.	10	**3 00 000**	-	**0.83**	-
Taj Kerela & Resorts Ltd.	10	**5 00 000**	-	**0.50**	-
				5.89	1.06
Preference Shares - Unquoted, Fully Paid Up					
8% Cumulative Redeemable Preference Shares-Reliance Infocomm Ltd. (company under same management)	1	-	50 145	-	-
				-	-
Equity Shares - Quoted, Fully Paid Up					
Axsys Health Tech Ltd.	10	**4 00 000**	-	**2.40**	-
Financial Technologies Ltd.	2	**24 00 000**	36 00 000	**15.12**	22.68
Shriram Investments Ltd.	10	**23 00 000**	-	**5.75**	-
Shriram Transport Finance Company Ltd.	10	**24 50 000**	-	**6.25**	-
				29.52	22.68
Warrants - Unquoted, Partly Paid Up					
Axsys Health Tech Ltd.	-	**9 25 000**	-	**0.56**	-
				0.56	-
Mutual Funds - Unquoted, Fully Paid Up					
ING Vysya Mutual Fund - Institutional Bonus Plan	10	-	2 59 27 249	-	26.08
				-	26.08
Debentures - Unquoted, Fully Paid Up					
Zero Coupon Optionally Convertible Secured Debentures of Reliance Power Ltd.	1 000	**14 95 600**	14 95 600	**149.56**	149.56
Deep Discount Bonds - Secured, Unquoted, Fully Paid Up					
Kothari Sugars & Chemicals Ltd.	100	**6 20 000**	-	**3.62**	-
Reliable Internet Ltd.	1 00 000	**13 752**	-	**113.54**	-
Reliance Communications Infrastructure Ltd. (company under same management)	68 550	**3 21 190**	3 21 190	**803.94**	803.94
Reliance Utilities & Power Ltd.	1 965	**21 331**	-	**4.02**	-
				1,074.68	953.50
TOTAL LONG TERM INVESTMENTS				**1,644.00**	1,541.41

NOTES

The aggregate value of investments:	As at 31st March, 2005 Book Value	As at 31st March, 2005 Market Value	As at 31st March, 2004 Book Value	As at 31st March, 2004 Market Value
	Rs.	Rs.	Rs.	Rs.
Quoted	**434.14**	**926.69**	427.30	1,140.77
Unquoted	**1,209.86**	-	1,114.11	-

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in crore)

SCHEDULE "F"	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Stock in Trade		**306.05**		402.83
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months	**-**		-	
Other Debts, considered good	**2.39**		42.84	
		2.39		42.84
Balances with the Scheduled Banks				
In Current Accounts	**5.45**		5.65	
In Fixed Deposit Accounts (Rs 12,500)	**-**		19.70	
In Margin Money Account	**-**		0.01	
		5.45		25.36
Other Current Assets				
Income Accrued on Investments	**470.39**		366.18	
Receivables for Assets on Lease	**6.38**		10.79	
		476.77		376.97
		790.66		848.00
LOANS & ADVANCES				
Loan to Others				
- Considered Doubtful	**3.00**		1.86	
- Considered Good	**83.58**		740.92	
		86.58		742.78
Advances recoverable in Cash or in kind or for value to be received.				
- Considered Doubtful	**-**		7.96	
- Considered Good	**0.48**		4.22	
		0.48		12.18
Deposits	**7.02**		6.83	
TDS (Net)	**54.61**		75.70	
		61.63		82.53
		148.69		837.49

NOTES:

1 Income accrued on investments includes Rs. 470.20 crores (Previous Year Rs. 366.17 crores) accrued on Deep Discount Bonds issued by Reliance Communications Infrastrucutrue Ltd., a company under same management.

2 Loan to Others include Rs. 2.00 crores (Previous Year Rs. 2.00 crores) due from sudsidiary company.

3 Loan to Others includes Rs. Nil due from Reliance Enterprises Ltd. (Maximum Balance outstanding during the year Rs. 49.31 crores) and Rs. Nil from Reliance Industrial Investments & Holdings Ltd. (Maximum Balance outstanding during the year Rs. 4.74 crores) companies under the same management.

4 Advances Recoverable in cash or in kind includes Rs. 0.05 crore due from the Manager / Officer (Previous Year Rs. 0.05 crore) (Maximum balance outstanding at any time during the year Rs. 0.05 crore (Previous Year Rs. 0.05 crore)).

5 In the opinion of the Management, Loans and Advances, other than doubtful, have been considered as good and fully recoverable. A provision for Sub-Standard / doubtful advances of Rs. 3.00 crores (Previous Year Rs. 9.81 crores) is made in accounts in accordance with Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

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SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in crore)

SCHEDULE "G"	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Acceptances	-		228.65	
Sundry Creditors (Other than SSI)	0.18		0.59	
Other Liabilities	6.03		30.38	
Interest accrued but not due	-		152.55	
Investor Education and Protection Fund				
Unclaimed Dividend	5.30		5.44	
Unclaimed Fixed Deposit	0.23		0.35	
		11.74		417.96
PROVISIONS				
Provision for Wealth Tax (Net)				
(Rs. Nil, Previous Year Rs. 49,028)	-		-	
Provision for Sub - Standard and Doubtful Assets	3.00		9.81	
Provision for Leave Encashment	0.18		0.27	
Proposed Dividend on Shares	38.19		36.92	
Provision for Dividend Tax	5.36		4.73	
		46.73		51.73
		58.47		469.69

NOTES:

Investor Education and Protection Fund does not include any amounts, due and outstanding, to be credited to said fund.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in crore)

SCHEDULE "H"	2004-2005 Rs.	Rs.	2003-2004 Rs.	Rs.
LEASE INCOME				
Lease Rentals	44.13		45.46	
Less: Lease Equalisation (Net)	15.73		(1.89)	
		28.40		47.35
Lease Finance Charges		0.53		0.79
		28.93		48.14

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in crore)

	2004-2005		2003-2004	
SCHEDULE "I"	**Rs.**	**Rs.**	Rs.	Rs.
OTHER INCOME				
Dividends on :				
Long Term Investments	**8.87**		8.86	
Stock-in-Trade	**7.22**		6.47	
		16.09		15.33
Interest and Finance income on:				
Long Term Investments	**104.33**		148.44	
(Tax Deducted at Source Rs. 0.03 crore, Previous Year Rs. 3.94 crores.)				
Others	**94.13**		121.82	
(Tax Deducted at Source Rs. 13.91 crores, Previous Year Rs. 22.09 crores)		**198.46**		270.26
Profit on sale of (Net):				
Long Term Investments	**27.41**		0.71	
Stock-in-Trade	**3.90**		1.21	
		31.31		1.92
Profit on Sale of Mobile Hansets		**6.94**		2.01
Credit Balances written back		**-**		0.30
Bad Debts Recovered		**0.76**		-
Provision for Sub Standard and Doubtful Assets Reversed		**6.81**		9.96
Rent		**5.85**		8.02
Miscellaneous Income		**0.54**		0.85
		266.76		308.65
SCHEDULE "J"				
INTEREST & FINANCE CHARGES				
Interest				
On Debentures	**-**		1.05	
On Others	**151.08**		173.98	
		151.08		175.03
Discount on Assigned liability		**-**		25.36
		151.08		200.39
SCHEDULE "K"				
ADMINISTRATIVE AND OTHER EXPENSES				
Payments to and provisions for employees -				
Salary, Bonus etc.	**0.94**		1.13	
Contribution to Provident Fund & other funds	**0.17**		0.21	
Staff Welfare & Other Amenities	**0.27**		0.47	
		1.38		1.81
Rent	**0.09**		0.16	
Rates and Taxes	**0.01**		0.03	
Repairs and Maintenance				
Repairs to Buildings	**0.07**		0.04	
Others	**1.03**		1.54	
Electricity	**0.10**		0.42	
Insurance (Rs.24,770, Previous Year Rs. 46,482)	-		-	
Travelling and Conveyance	**0.31**		0.50	
Postage, Telegram and Telephones	**0.38**		0.77	
Loss on Sale of Fixed Assets (Net)	**0.01**		0.02	
Auditor's Remuneration	**0.23**		0.23	
Directors' Fees	**0.06**		0.04	
Miscellaneous Expenses	**1.96**		2.96	
		4.25		6.71
		5.63		8.52

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ACCOUNTING POLICIES

SCHEDULE "L"

ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

B. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

C. Revenue Recognition

i) Lease Finance:

Income from leased assets is accounted for in the year in which lease rentals fall due, by applying the interest rate implicit in the lease to the net investment in the lease during the period.

Front-ended lease management / syndication fees are treated as income of the period in which they accrue.

ii) Income from Bill Discounting:

Income from bill discounting is net of rediscounting charges paid.

D. Fixed Assets

All Fixed Assets are stated at cost less accumulated depreciation after considering Lease Adjustment account. All costs including financing cost attributable to fixed assets till assets are ready for intended use are capitalised.

E. Assets given on Finance Lease

i) All assets given on finance lease on or before 31st March, 2001 are capitalised as Fixed Assets.

All assets given on finance lease on or after 1st April, 2001 are shown as receivables at an amount equal to net investment in the lease.

ii) Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

F. Depreciation

Depreciation is provided as under:

i) Assets for own use:

On Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

ii) Leased Assets:

On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

G. Impairment of Assets

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

H. Preliminary and Share Issue Expenses

Preliminary and issue expenses are adjusted against the securities premium account.

I. Investments

Investments are classified into current investments and long-term investments.

Current investments are valued, scrip wise, at cost or market price, whichever is lower.

Long-term investments are valued at cost. Provision for diminution is made scrip wise to recognise a decline, other than temporary.

J. Stock in trade

Stock-in-Trade is valued scrip wise at book value or market price whichever is lower.

K. Employee Retirement Benefits

Company's contribution to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave Encashment benefits are charged to Profit and Loss Account on the basis of actuarial valuation.

L. Expenditure / Discount on Bond Issue

Expenses relating to issue of bonds and discount on the issue are amortised proportionately over the tenor of the bonds based on the implicit rate of return.

M. Assigned Liabilities and Discount on Assigned Liabilities

The assigned liabilities are accounted at discounted value. The difference between the assigned liability and the discounted value is charged to the Profit & Loss account proportionately on time period basis as discount on assigned liability.

N. Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.

(iii) Non monetary foreign currency items are carried at cost.

(iv) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing at the time of transaction or that approximates the actual rate as at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.

(v) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

O. Borrowing Costs

Borrowing costs, which are directly attributable to the acquisition/construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

P. Securities Lending

Income and expenses on securities lending activities are accounted for on accrual basis and are netted off.

Q. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

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NOTES TO THE ACCOUNTS

SCHEDULE "M"

1.

(Rs. in crore)

		As at 31st March, 2005	As at 31st March, 2004
i)	**CONTINGENT LIABILITIES:**		
	Guarantees to Banks and Financial Institutions on behalf of third parties	**148.06**	223.27
ii)	Claims against the Company not acknowledged as debt (Sales Tax)	**0.11**	0.06
iii)	Un-expired Letter of Credit	**-**	27.73

2. During the year bad debts and advances amounting to Rs. 8.13 crores (Previous Year Rs. 10.73 crores) have been charged to Profit & Loss Account and has been adjusted against withdrawal from General Reserves.
3. During the year the Company has sold it's holding in Reliance Petroinvestments Ltd. Reliance Petroinvestments Ltd. held 46% equity shares of Indian Petrochemicals Corporation Ltd.
4. Assets given on lease on or after 1st April, 2001

i)

(Rs. in crore)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five years
Future lease rentals receivables	5.54	4.94	0.60	-
	(10.48)	(4.94)	(5.54)	(-)
Add: Unguaranteed residual value	1.10	-	1.10	-
	(1.10)	(-)	(1.10)	(-)
Gross Investments in lease	6.64	4.94	1.70	-
	(11.58)	(4.94)	(6.64)	(-)
Less: Unearned finance income	0.26	0.24	0.02	-
	(0.79)	(0.53)	(0.26)	(-)
Present value of the minimum Lease Rental receivable	6.38	4.70	1.68	-
	(10.79)	(4.41)	(6.38)	(-)

Figures in brackets represent previous year figures.

ii) General description of lease arrangements:

a) Assets are generally given on lease for a period of five years.

b) Lease rentals are charged on the basis of agreed rate of interest.

5. The income tax assessments of the Company have been completed up to Assessment Year 2002-03. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 19.91 crores, which is disputed. Based on the decisions of the Appellate authorities and the interpretation of other relevant provisions, the Company has been advised that no provision for tax is required.
6. The Company has substantial unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. However, the availability of sufficient future taxable income against which such depreciation and losses can be set off cannot be stated to be virtually certain. Hence, deferred tax asset has not been recognised.
7. Managerial Remuneration

i) The Company has been advised that the computation of net profits for the purpose of managerial remuneration under Section 349 of the Companies Act, 1956 need not be enumerated, since no commission by way of percentage of profit is payable for the year to any of the Directors / Manager of the Company.

ii) Payment to and provision for employees include Managerial Remuneration by way of:

(Rs. in crore)

	Particulars	2004-2005	2003-2004
i)	Salaries	**0.08**	0.08
ii)	Perquisites (Rs. 41,400, Previous Year Rs. 41,400)	**-**	-
iii)	Contribution to Provident Fund and Superannuation Fund	**0.01**	0.01
	Total	**0.09**	0.09

a) The above remuneration excludes provision for gratuity since these are based on actuarial valuation done on an overall company basis.

b) The Remuneration Committee, the Board of Directors and the Shareholders at the Annual General Meeting duly approved the above managerial remuneration.

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8. Auditors' Remuneration includes:

(Rs. in crore)

Particulars	2004-2005	2003-2004
i) Audit Fees	0.17	0.17
ii) Tax Audit Fees	0.05	0.05
iii) Out of Pocket Expenses	0.01	0.01

9. Miscellaneous Expenses referred to in Schedule 'L' include:
 i) Net Prior Period items Rs. 0.01 crore (net credit) (Previous year Rs. 0.02 crore (net credit))
 ii) Sales tax paid (net) Rs. 2,325 (Previous Year Rs. 30,130)

10. Basic and Diluted Earning Per Share
 For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered:

(Rs. in crore)

Particulars	2004-05	2003-04
a) Amounts used as the numerators		
Net Profit after tax	105.81	105.79
Less: Preference dividend and tax thereon (Rs. 5,036)	-	0.01
Net Profit available for equity shareholders	105.81	105.78
b) Weighted average number of equity shares (Nos.)	12,73,06,244	12,73,06,244
c) Basic and Diluted Earning Per Share (Rs.)	8.31	8.31

11. Related Party Disclosures
 List of related parties
 i) Subsidiaries:
 a) Reliance Capital Asset Management Ltd.
 b) Reliance Capital Trustee Co. Ltd.
 c) Reliance General Insurance Company Ltd.
 d) Reliance Life Insurance Company Ltd.
 ii) Associates:
 a) Reliance Industries Ltd.
 b) Reliance Energy Ltd.
 c) Reliance Land Pvt. Ltd.
 d) Reliance Share & Stock Brokers Pvt. Ltd.
 e) Reliance Petroinvestments Ltd. - upto 31st March, 2005
 f) Reliance Europe Ltd.
 g) Indian Petrochemicals Corporation Ltd. - upto 31st March, 2005
 h) WorldTel Holding Ltd.
 iii) Key Managerial Personnel:
 a) Shri V R Mohan - Company Secretary & Manager
 iv) Transactions during the year with related parties:

(Rs. in crore)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Secured Redeemable Non Convertible Debentures				
a) Redeemed during the year	-	-	-	-
	(10.00)	(-)	(-)	(10.00)
Unsecured Loans from Bodies Corporate				
a) Taken during the year	-	4152.03	-	4152.03
	(-)	(6872.37)	(-)	(6872.37)
b) Repaid during the year	-	4152.13	-	4152.13
	(-)	(6872.27)	(-)	(6872.27)
c) Balance as at 31st March, 2005	-	-	-	-
	(-)	(0.10)	(-)	(0.10)
Security Deposit				
a) Repaid during the year	-	8.42	-	8.42
	(-)	(10.16)	(-)	(10.16)
b) Balance as at 31st March, 2005	-	4.01	-	4.01
	(-)	(12.43)	(-)	(12.43)

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(Rs. in crore)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Assigned Liabilities				
a) Accepted during the year	-	-	-	-
	(-)	(147.03)	(-)	(147.03)
Leased Assets				
a) Assets on Lease as at 31st March, 2005	-	80.03	-	80.03
	(-)	(80.03)	(-)	(80.03)
Investments				
a) Purchased during the year	-	113.54	-	113.54
	(-)	(22.65)	(-)	(22.65)
b) Brokerage paid during the year	-	0.02	-	0.02
	(-)	(0.12)	(-)	(0.12)
c) Balance as at 31st March, 2005	89.05	443.24	-	532.29
	(89.05)	(447.68)	(-)	(536.73)
Stock-in-trade				
a) Subscribed / Purchased during the year	-	24.13	-	24.13
	(0.71)	(2162.13)	(-)	(2162.84)
b) Redeemed / Sold during the year	10.00	67.86	-	77.86
	(10.25)	(206.83)	(-)	(217.08)
c) Brokerage paid during the year	-	0.03	-	0.03
	(-)	(0.01)	(-)	(0.01)
d) Balance as at 31st March, 2005	-	280.62	-	280.62
	(-)	(280.62)	(-)	(280.62)
Sundry Debtors Balance as at 31st March, 2005	-	-	-	-
	(-)	(42.69)	(-)	(42.69)
Receivables for Assets on Lease				
a) Repaid during the year	-	1.92	-	1.92
	(-)	(1.92)	(-)	(1.92)
b) Balance as at 31st March, 2005	-	2.42	-	2.42
	(-)	(4.34)	(-)	(4.34)
Loans to Others				
a) Given during the year	-	1562.61	-	1562.61
	(-)	(3913.35)	(-)	(3913.35)
b) Returned during the year	-	1561.07	-	1561.07
	(-)	(4063.69)	(-)	(4063.69)
c) Balance as at 31st March, 2005	2.00	7.20	-	9.20
	(2.00)	(5.66)	(-)	(7.66)
d) Interest receivable as at 31st March, 2005	-	-	-	-
	(-)	(25.87)	(-)	(25.87)
Advances recoverable in cash or in kind				
a) Given during the year* (Rs. 4,600, Previous Year Rs. Nil)	-	-	*	*
	(-)	(-)	(*)	(-)
b) Returned during the year* (Rs. 25,468, Previous Year Rs. 20,868)	-	-	*	*
	(-)	(-)	(-)	(-)
c) Balance as at 31st March, 2005	-	-	0.04	0.04
	(-)	(-)	(0.05)	(0.05)
d) Interest receivable as at 31st March, 2005	-	-	0.01	0.01
	(-)	(-)	(0.01)	(0.01)
Current Liabilities				
a) Sundry Creditors as at 31st March, 2005	-	-	-	-
	(-)	(0.30)	(-)	(0.30)
b) Other Liabilities repaid during the year	-	5.66	-	5.66
	(-)	(-)	(-)	(-)
c) Other Liabilities as at 31st March, 2005	-	-	-	-
	(-)	(5.66)	(-)	(5.66)
d) Interest accrued but not due as at 31st March, 2005	-	-	-	-
	(-)	(60.86)	(-)	(60.86)

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(Rs. in crore)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Income				
a) Lease Rentals	-	5.16	-	5.16
	(-)	(8.41)	(-)	(8.41)
b) Dividend	-	14.40	-	14.40
	(-)	(15.26)	(-)	(15.26)
c) Interest on Others	-	8.72	-	8.72
	(-)	(33.65)	(-)	(33.65)
d) Sale of Mobile Handsets	-	281.04	-	281.04
	(-)	(230.66)	(-)	(230.66)
e) Rent	0.76	5.09	-	5.85
	(0.76)	(7.18)	(-)	(7.94)
f) Miscellaneous Income	-	0.12	-	0.12
	(-)	(0.10)	(-)	(0.10)
Expenditure				
a) Interest on Others	-	19.17	-	19.17
	(-)	(76.55)	(-)	(76.55)
b) Interest on Debentures	-	-	-	-
	(1.05)	(-)	(-)	(1.05)
c) Insurance*	*	-	-	*
(Rs.14,507, Previous Year Rs.15,377)	(-)	(-)	(-)	(-)
d) Payments to and provisions for employees	-	-	0.09	0.09
	(-)	(-)	(0.09)	(0.09)
Contingent Liability				
a) Guarantees to Banks and Financial Institutions on behalf of third parties	-	15.00	-	15.00
	(-)	(15.00)	(-)	(15.00)

Figures in bracket indicates previous year figures

Significant transactions with related parties:

i) Unsecured Loans from Bodies Corporate includes Rs. 4151.63 crores (Previous Year Rs. 6872.06 crores) taken from Reliance Industries Ltd.

ii) Unsecured Loans from Bodies Corporate includes Rs. 4151.63 crores (Previous Year Rs. 6872.06 crores) repaid by Reliance Industries Ltd.

i) Security Deposit includes Rs. 8.42 crores (Previous Year Rs. 10.16 crores) repaid by Reliance Industries Ltd.

ii) Security Deposit as at 31st March, 2005 includes Rs. 4.01 crores (Previous Year Rs. 12.43 crores) payable to Reliance Industries Ltd.

iii) Leased Assets as at 31st March, 2005 includes Rs. 80.03 crores (Previous Year Rs. 80.03 crores) leased to Reliance Industries Ltd.

iv) Investments includes Rs. 113.54 crores (Previous Year Rs. Nil) purchased from Reliance Industries Ltd.

v) Investments includes Rs. 0.02 crore (Previous Year Rs. 0.12 crore) brokerage paid to Reliance Share & Stock Brokers Pvt. Ltd.

vi) Investments as at 31st March, 2005 includes Rs. 109.70 crores (Previous Year Rs. 109.70 crores) in shares of Reliance Industries Ltd., Rs. 294.92 crores (Previous Year Rs. 294.92 crores) in shares of Reliance Energy Ltd. and Rs. 76.50 crores (Previous Year Rs. 76.50 crores) in shares of Reliance General Insurance Company Ltd.

vii) Stock in trade includes Rs. 3.83 crores (Previous Year Rs. 1072.83 crores) purchased / subscribed from Reliance Industries Ltd. and Rs. 20.30 crores (Previous Year Rs. 640.75 crores) purchased / subscribed from Reliance Energy Ltd.

viii) Stock in trade includes Rs. 52.86 crores (Previous Year Rs. 187.53 crores) sold to / redeemed by Reliance Industries Ltd., Rs. 15.00 crores (Previous Year Rs. 15.75 crores) redeemed by Reliance Energy Ltd. and Rs. 10.00 crores (Previous Year Rs. 10.25 crores) sold to Reliance General Insurance Company Ltd.

ix) Stock in trade includes Rs. 0.03 crore (Previous Year Rs. 0.01 crore) brokerage paid to Reliance Share & Stock Brokers Pvt. Ltd.

x) Stock in trade as at 31st March, 2005 includes Rs. 278.62 crores (Previous Year Rs. 278.62 crores) in shares of Reliance Industries Ltd.

xi) Receivables for Assets on Lease includes Rs. 1.92 crores (Previous Year Rs. 1.92 crores) repaid by Reliance Industries Ltd.

xii) Receivables for Assets on Lease as at 31st March, 2005 includes Rs. 2.42 crores (Previous Year Rs. 4.34 crores) receivable for assets leased to Reliance Industries Ltd.

xiii) Loans to Others includes Rs. 1555.02 crores (Previous Year Rs. 3893.89 crores) given to Reliance Industries Ltd.

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xiv) Loans to Others includes Rs. 1555.02 crores (Previous Year Rs. 4043.89 crores) returned by Reliance Industries Ltd.

xv) Loans to Others as at 31st March, 2005 includes Rs. 7.20 crores (Previous Year Rs. 5.66 crores) given to Reliance Share & Stock Brokers Pvt. Ltd. and Rs. 2.00 crores (Previous Year Rs. 2.00 crores) to Reliance Life Insurance Company Ltd.

xvi) Advance recoverable in cash or kind includes Rs. 4,600 /- (Previous Year Rs. Nil) advanced to Shri V R Mohan.

xvii) Advance recoverable in cash or kind includes Rs. 25,468 /- (Previous Year Rs. 20,868 /-) repaid by Shri V R Mohan.

xviii) Advance recoverable in cash or kind as at 31st March, 2005 includes Rs. 0.04 crore (Previous Year Rs. 0.05 crore) receivable from Shri V R Mohan.

xix) Advance recoverable in cash or kind as at 31st March, 2005 includes Rs. 0.01 crore (Previous Year Rs. 0.01 crore) interest receivable from Shri V R Mohan.

xx) Other Liabilities includes Rs. 5.66 crores (Previous Year Rs. Nil) repaid by Reliance Industries Ltd.

xxi) Lease Rentals includes Rs. 5.16 crores (Previous Year Rs. 8.41 crores) received from Reliance Industries Ltd.

xxii) Dividend includes Rs. 8.64 crores (Previous Year Rs. 8.23 crores) received from Reliance Industries Ltd. and Rs. 5.76 crores (Previous Year Rs. 7.03 crores) received from Reliance Energy Ltd.

xxiii) Interest on Others includes Rs. 7.58 crores (Previous Year Rs. 32.54 crores) received from Reliance Industries Ltd.

xxiv) Sale of Mobile Handsets includes Rs. 281.04 crores (Previous Year Rs. 230.66 crores) sold to Reliance Industries Ltd.

xxv) Rent includes Rs. 5.09 crores (Previous Year Rs. 7.18 crores) received from Reliance Industries Ltd. and Rs. 0.76 crore (Previous Year Rs. 0.76 crores) received from Reliance Capital Asset Management Ltd.

xxvi) Miscellaneous income includes Rs. 0.08 crore (Previous Year Rs. 0.05 crore) received from Reliance Industries Ltd. and Rs. 0.04 crore (Previous Year Rs. 0.04 crore) received from Reliance Share & Stock Brokers Pvt. Ltd.

xxvii) Interest on Others includes Rs. 19.16 crores (Previous Year Rs. 76.55 crores) paid to Reliance Industries Ltd.

xxviii) Insurance includes Rs. 14,507/- (Previous Year Rs. 15,377/-) paid to Reliance Geheral Insurance Company Ltd.

xxix) Payments to and provisions for employees includes Rs. 0.09 crore (Previous Year Rs. 0.09 crore) paid to Shri V R Mohan.

xxx) Guarantees to Banks and Financial Institution on behalf of third parties includes Rs. 15.00 crores (Previous Year Rs. 15.00 crores) for Reliance Share & Stock Brokers Pvt. Ltd.

12. In the opinion of the management, the Company is mainly engaged in the business of providing Finance. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments.

13. Disclosure of loans / advances and investments in its own shares by the listed companies, their subsidiaries, associates etc. (as certified by the management)

(Rs. in crore)

Particulars	Outstanding Balance as on 31st March, 2005	Maximum Balance outstanding during the year
i) Loans and advances in the nature of loans to subsidiaries		
a) Reliance Life Insurance Company Ltd.	2.00	2.00
	(2.00)	(2.00)
ii) Loans and advances in the nature of loans to associates		
a) Reliance Shares & Stock Brokers Pvt. Ltd.	7.20	10.41
	(5.66)	(18.25)
b) Reliance Industries Ltd.	-	750.90
	(-)	(2,386.15)
iii) Loans and advances in the nature of loans where there is		
a) no repayment schedule or repayment beyond seven years		
1) Loans to employees (in ordinary course of business)	0.39	0.72
	(0.72)	(0.80)
b) no interest or interest below section 372A of the Companies Act		
1) Reliance Life Insurance Company Ltd.	2.00	2.00
	(2.00)	(2.00)
2) Loans to employees (in ordinary course of business)	0.39	0.72
	(0.72)	(0.80)
iv) Loans and advances in nature of loans to firms / companies in which directors are interested	Nil	Nil
v) Investments by loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	No. of shares	Amount (Rs. in crores)
Reliance Industries Ltd.	6,00,89,966	485.80
	(6,00,89,966)	(485.80)

Figures in brackets indicates previous year figures

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NOTES TO THE ACCOUNTS

14. Disclosure of details as required by Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(Rs. in crore)

Particulars	Amount Outstanding	Amount Overdue
i) Loans and advances availed by NBFC inclusive of interest thereon but not paid		
a) Inter-corporate loans and borrowings	1240.00 (1702.89)	- (-)
b) Security Deposit – Lease	73.55 (83.13)	- (-)
ii) Break up of Loans and Advances including bills receivable (other than those included in (iii) below		**Amount Outstanding**
a) Secured		- (-)
b) Unsecured		148.69 (837.49)
iii) Break up of Leased Assets and stock on hire and hypothecation loans towards Equipment Leasing / Hire Purchase activities		
a) Lease assets (including Receivables for Assets on Lease) including lease rentals under sundry debtors		
1) Financial Lease (Net of depreciation and lease adjustment)		154.97 (198.65)
2) Operating Lease		- (-)
iv) Break up of Investments		
a) Current Investments (Stock in Trade)		
1) Quoted		
• Shares		
- Equity		303.60 (332.89)
• Debentures and Bonds		- (-)
• GOI Securities and PSU Bonds		- (67.49)
2) Unquoted		
• Shares		
- Equity		0.45 (0.45)
• Debentures and Bonds		2.00 (2.00)
b) Long Term Investments		
1) Quoted		
• Shares		
- Equity		434.14 (427.30)
2) Unquoted		
• Shares		
- Equity		126.98 (126.03)
- Preference		7.50 (7.50)
• Debentures and Bonds		1074.68 (953.50)
• Mutual Fund Units		- (26.08)
• PSU Bonds		0.70 (1.00)

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NOTES TO THE ACCOUNTS

v) Borrower group-wise classification of all leased assets (including Receivables for Assets on Lease), stock on hire and loans and advances	Amount Net of Provisions		
	Secured	**Unsecured**	**Total**
a) Related Parties			
1) Subsidiaries	-	2.00	2.00
	(-)	(2.00)	(2.00)
2) Companies in the same group	-	6.36	6.36
	(-)	(60.91)	(60.91)
3) Other related parties	-	11.24	11.24
	(-)	(18.12)	(18.12)
b) Other than related parties	-	284.06	284.06
	(-)	(955.11)	(955.11)
Total	-	303.66	303.66
	(-)	(1036.14)	(1036.14)

vi) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	**Market Value/ Break up Value or fair value or NAV**	**Book Value (net of provisions)**
a) Related Parties		
1) Subsidiaries	139.00	89.05
	(122.51)	(89.05)
2) Companies in the same group	814.46	806.41
	(812.93)	(806.41)
3) Other related parties	1561.66	721.89
	(1829.84)	(726.33)
b) Other than related parties	425.25	332.70
	(337.52)	(322.45)
Total	2940.37	1950.05
	(3102.80)	(1944.24)

vii) Other Information	**Amount**
a) Gross Non Performing Assets	
1) Related parties	-
	(-)
2) Other than related parties	3.00
	(9.81)
b) Net Non Performing Assets	
1) Related Parties	-
	(-)
2) Other than related parties	-
	(-)
c) Assets acquired in satisfaction of debt	-
	(-)

Companies in the same group means companies under the same management as per Sec. 370(1B) of the Companies Act, 1956.

(Figures in brackets indicates previous year figures)

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NOTES TO THE ACCOUNTS

15. Stock in trade

(Rs. in crore)

	QUANTITY		VALUE	
	As at 31-3-2005	As at 31-3-2004	As at 31-3-2005	As at 31-3-2004
SHARES:				
EQUITY SHARES				
Adlabs Films Ltd.	**12,55,000**	11,24,230	**12.45**	11.14
Bag Films Ltd.	**3,94,400**	3,94,400	**0.25**	0.25
Central India Polyesters Ltd. (Rs. Nil, Previous Year Rs. 2,860)	**-**	1,100	**-**	-
CMC Ltd.	**-**	3,89,136	**-**	18.88
Gas Authority of India Ltd.	**-**	9,40,695	**-**	18.34
Digitron Computers Pvt. Ltd.	**69,500**	69,500	**0.45**	0.45
JL Morrison Ltd.	**65,000**	65,000	**0.38**	0.38
Kothari Industrial Corporation Ltd.	**3,93,880**	3,93,880	**0.04**	0.04
Kothari Sugars & Chemicals Ltd.	**34,123**	6,82,470	**0.05**	0.08
Padmalaya Telefilms Ltd.	**5,11,000**	-	**2.04**	-
Rallis India Ltd.	**13,66,000**	10,18,800	**7.11**	3.74
Reliance Industries Ltd.	**1,28,03,818**	1,28,03,818	**278.62**	278.62
Reliance Industrial Infrastructure Ltd. (company under same management)	**1,60,100**	1,60,100	**0.50**	0.50
Recron Synthetics Ltd.	-	23,05,425	**-**	0.92
TV Today Networks Ltd.	**2,84,000**	-	**2.16**	-
Total Equity Shares	**1,73,36,821**	2,03,48,554	**304.05**	333.34
DEBENTURES				
0% Reliance Land Pvt. Ltd.	**2,00,000**	2,00,000	**2.00**	2.00
Total Debentures	**2,00,000**	2,00,000	**2.00**	2.00
GOVERNMENT SECURITIES				
8% Kerala SDL 2012	**-**	2,860	**-**	0.03
12.60% GOI 2018	**-**	6,42,640	**-**	10.54
10.71% GOI 2016	**-**	25,00,000	**-**	36.10
11.83% GOI 2014	**-**	10,00,000	**-**	15.10
Total Government Securities	**-**	41,45,500	**-**	61.77
PSU BONDS				
7.63% IRFC 2010	**-**	28	**-**	3.05
8.05% IRFC 2007	**-**	25	**-**	2.67
Total PSU Bonds	**-**	53	**-**	5.72
GRAND TOTAL			**306.05**	402.83

NOTES: Above includes

i) 3,93,880 Equity Shares of Kothari Industrial Corporation Ltd. delivered to the Escrow Agency namely UTI Bank Ltd. pursuant to the Settlement Order of the Honorable Supreme Court of India. The settlement proceeds will be received upon due completion of the process of the Order;

ii) Rs. 33.08 crores of shares pledged towards security on behalf of third parties;

iii) Rs. 0.20 crore of bad deliveries pending for rectification.

iv) 6,82,470 shares of Kothari Sugars & Chemicals Ltd. have been reduced to 34,123 in terms of Rehabilitation Scheme approved by AAIFR.

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NOTES TO THE ACCOUNTS

16. Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock for Stock in Trade.

(Rs. in crore)

QUANTITY			VALUE	
	As at 31-3-2005	As at 31-3-2004	**As at 31-3-2005**	As at 31-3-2004
OPENING STOCK				
Equity Shares	**2,03,48,554**	1,75,00,093	**333.34**	284.73
Preference Shares	**-**	-	**-**	-
Debentures	**2,00,000**	3,13,684	**2.00**	71.69
Government Securities	**41,45,500**	-	**61.77**	-
PSU Bonds	**53**	20	**5.72**	0.21
Mobile Handsets	**-**	-	**-**	-
			402.83	356.63
PURCHASES / TRANSFERS				
Equity Shares	**17,60,169**	28,48,461	**15.57**	48.94
Preference Shares	**50,00,000**	-	**25.00**	-
Debentures	**71,868**	6,88,433	**278.16**	2,442.88
Government Securities	**86,00,580**	99,83,490	**103.02**	143.23
PSU Bonds	**5,573**	1,521	**177.33**	80.36
Mobile Handsets	**8,42,320**	6,58,640	**274.10**	228.65
			873.18	2,944.06
SALES /TRANSFERS				
Equity Shares	**41,23,555**	-	**50.94**	-
Preference Shares	**50,00,000**	-	**26.43**	-
Debentures	**71,868**	8,02,117	**276.52**	2513.80
Government Securities	**1,27,46,080**	58,37,990	**164.72**	81.57
PSU Bonds	**5,626**	1,488	**181.15**	75.05
Mobile Handsets	**8,42,320**	6,58,640	**281.04**	230.66
			980.80	2,901.08
CLOSING STOCK				
Equity Shares	**1,73,36,821**	2,03,48,554	**304.05**	333.34
Preference Shares	**-**	-	**-**	-
Debentures	**2,00,000**	2,00,000	**2.00**	2.00
Government Securities	**-**	41,45,500	**-**	61.77
PSU Bonds	**-**	53	**-**	5.72
Mobile Handsets	**-**	-	**-**	-
			306.05	402.83

17. Value of imports on CIF basis

(Rs. in crore)

Particulars	**2004-2005**	2003-2004
i) Mobile Handsets	**274.10**	236.06

18. Expenditure in foreign currency

(Rs. in crore)

Particulars	**2004-2005**	2003-2004
i) Travelling Expenses	**0.08**	0.15
ii) Others	**0.18**	0.22

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NOTES TO THE ACCOUNTS

19. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	:					8	5	2	6	State Code	:							0	4
Balance Sheet Date	:	3	1	0	3	2	0	0	5										

II. Capital raised during the year (Amount in Rs. crore)

Public Issue	:						N	I	L	Rights Issue	:						N	I	L
Bonus Issue	:						N	I	L	Private Placement	:						N	I	L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. crore)

Total Liabilities	:		2	7	5	1	.	4	7	Total Assets	:		2	7	5	1	.	4	7	
Sources of Funds	:									**Application of Funds**										
Paid-up Capital	:			1	2	7	.	8	4	Net Fixed Assets	:			2	2	6	.	5	9	
Reserves & Surplus	:		1	3	1	0	.	0	8	Investments	:		1	6	4	4	.	0	0	
Secured Loans	:								-	Net Current Assets	:			8	8	0	.	8	8	
Unsecured Loans	:		1	3	1	3	.	5	5	Miscellaneous Expenditure	:							N	I	L
										Accumulated Losses	:							N	I	L

IV. Performance of Company (Amount in Rs. crore)

Turnover	:			2	9	5	.	6	9	Total Expenditure	:			1	8	4	.	4	8
Profit before Tax	:			1	1	1	.	2	1	Profit after Tax	:			1	0	5	.	8	1
Earning per Share (Rs.) {Basic & Diluted}	:					8	.	3	1	Dividend Rate	:						3	0	%

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code : | | | | | | | | |

Product Description

I. ASSET FINANCING
II. LENDING
III. INVESTMENTS

20. (a) The previous year's figures have been reworked, regrouped and reclassified wherever necessary

(b) Figures have been presented in 'crore' of rupees with two decimals in accordance with the approval received from the Company Law Board. Figures less than Rs. 50,000 have been shown at actual in brackets.

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board
Chairman **D. Chaturvedi**
Vice Chairman **Anand Jain**
Directors **D. J. Kapadia, S. S. Thakur, Sandeep H. Junnarkar, Alok Agarwal**
Company Secretary & Manager **V. R. Mohan**
Mumbai
Dated: 25th April, 2005

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Reliance Capital Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

(Rs. in crore)

Particulars	2004-2005 Rs		2003-2004 Rs	
A. Cash Flow from Operating Activities				
Net profit before tax as per P & L Account		**111.21**		105.79
Adjusted for				
Extraordinary items		**(0.01)**		(0.02)
Net profit before tax and extraordinary items		**111.20**		105.77
Adjusted for				
Depreciation	**27.77**		42.09	
Lease Equalisation	**15.73**		(1.89)	
Provision for Sub Standard Assets Reversed	**(6.81)**		(9.96)	
Investments				
Interest / Dividend Income	**(113.20)**		(157.30)	
(Profit) / Loss on sale of Investment (Net)	**(27.41)**		(0.71)	
Interest Expenses	**151.08**		200.43	
Loss / (Profit) on sale of Fixed Assets (Net)	**0.01**	**47.17**	0.02	72.68
Operating Profit before working Capital Changes		**158.37**		178.45
Adjusted for				
Trade and Other Receivables	**720.16**		(481.50)	
Inventories	**96.78**		(46.20)	
Trade Payables	**(253.62)**	**563.32**	232.58	(295.12)
Cash generated from operations		**721.69**		(116.67)
Interest Paid	**(303.63)**		(84.03)	
Taxes Paid	**-**	**(303.63)**	-	(84.03)
Cash Flow before extraordinary items		**418.06**		(200.70)
Extraordinary Items		**0.01**		0.02
Net Cash from/(used in) Operating Activities		**418.07**		(200.68)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		**(0.04)**		(0.49)
Sale of Fixed Assets		**0.09**		128.03
Purchase of Investments		**(140.97)**		(421.87)
Sale of Investments		**65.79**		611.53
Interest Received		**0.09**		83.16
Dividend Received		**8.87**		8.86
Net Cash from/(used in) Investing Activities		**(66.17)**		409.22
C. Cash Flow from Financing Activities				
Issue/(Redemption) of Preference Share Capital		**(10.00)**		10.00
Proceeds from Long Term Borrowings		**-**		647.03
Repayment of Long Term Borrowings		**(509.58)**		(523.87)
Proceeds from/(Repayment of) Short Term Borrowings		**189.66**		(285.50)
Dividends Paid		**(41.89)**		(41.26)
Net Cash from/(used in) Financing Activities		**(371.81)**		(193.60)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		**(19.91)**		14.94
Opening Balance of Cash and Cash Equivalents		**25.36**		10.42
Closing Balance of Cash and Cash Equivalents		**5.45**		25.36

The previous year's figures have been regrouped and reclassified wherever necessary

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board
Chairman **D. Chaturvedi**
Vice Chairman **Anand Jain**
Directors **D. J. Kapadia, S. S. Thakur, Sandeep H. Junnarkar, Alok Agarwal**
Company Secretary & Manager **V. R. Mohan**
Mumbai
Dated: 25th April, 2005

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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

	Name of the Subsidiary Company	Reliance Capital Asset Management Limited	Reliance Capital Trustee Co. Limited	Reliance General Insurance Company Limited	Reliance Life Insurance Company Limited
1	The financial year of the Subsidiary Companies ended on	31st March, 2005	31st March, 2005	31st March, 2005	31st March, 2005
2	Date from which they became Subsidiary Companies	12th May, 1995	12th May, 1995	15th January, 2002	15th January, 2002
3	(a) Number of shares held by Reliance Capital Limited with its nominees in the Subsidiaries as at 31st March, 2005	75,00,700 Equity Shares of the face value of Rs. 10/- each fully paid-up and 3,50,000 Preference Shares of Rs. 100/- each fully paid-up	50,700 Equity Shares of the face value of Rs. 10/- each fully paid-up	7,65,00,525 Equity Shares of the face value of Rs. 10/- each fully paid-up.	15,00,525 Equity Shares of the face value of Rs. 10/- each fully paid-up
	(b) Extent of interest of Holding Company as at 31st March, 2005	100%	100%	75%	75%
4	The net aggregate amount of the Profit / (Loss) so far at it concerns the members of the Holding Company				
	(a) Not dealt with in the Holding Company's Accounts				
	(i) For the financial year ended 31st March, 2005 (Rs. in crore)	12.11	0.006	4.38	Nil
	(ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaies (Rs. in crore)	10.38	0.15	18.09	Nil
	(b) Dealt with in the Holding Company's Accounts				
	(i) For the financial year ended 31st March, 2005	Nil	Nil	Nil	Nil
	(ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaies (Rs. in crore)	0.78	Nil	Nil	Nil

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Reliance Capital Asset Management Limited

DIRECTORS' REPORT

To the Members,

Your Directors present their Tenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2005.

Financial Results:

	Year ended 31st March, 2005 (Rs.)	Year ended 31st March, 2004 (Rs.)
Gross Income	**50,23,11,416**	35,21,12,458
Gross Profit	**18,93,58,977**	11,78,99,918
Depreciation	**78,17,493**	24,49,765
Profit before tax	**18,15,41,484**	11,54,50,153
Provision for taxation	**5,90,00,000**	2,67,00,000
Provision for Deferred Tax Liability	**(29,62,911)**	1,41,17,276
Excess provision for tax in the previous year	**44,01,296**	NIL
Profit After Tax	**12,55,04,395**	7,46,32,877
Balance carried to Balance Sheet	**22,49,27,029**	10,38,23,930

The Gross Income for the year was Rs.50.23 crores compared to Rs.35.21 crores in the previous financial year. The Net Profit increased from Rs.7.46 crores to Rs.12.55 crores for the year 2004-05.

Dividend:

The Company has decided to plough back its profits for future developments. Hence no dividend is recommended for the year under review.

Operations:

The Company is the Investment Manager to Reliance Mutual Fund (RMF) formerly Reliance Capital Mutual Fund (RCMF). RMF currently has four open-ended Equity Schemes (Reliance Vision Fund, Reliance Growth Fund, Reliance NRI Equity Fund and Reliance Equity Opportunities Fund); six open-ended Debt Schemes (Reliance Income Fund, Reliance Short Term Fund, Reliance Medium Term Fund, Reliance Monthly Income Plan, Reliance Floating Rate Fund and Reliance NRI Income Fund); an open-ended Liquid Scheme (Reliance Liquid Fund); two close-ended debt Schemes (Reliance Fixed Term Scheme and Reliance Fixed Maturity Fund – Series I); four sector specific schemes (Reliance Banking Fund, Reliance Diversified Power Sector Fund, Reliance Pharma Fund and Reliance Media & Entertainment Fund); a government securities scheme (Reliance Gilt Securities Fund); and an open-ended index linked scheme (Reliance Index Fund).

During the year, the Mutual Fund Industry has witnessed a rise of Rs. 9,984 crores in the total assets under management from Rs. 1,39,616 crores to Rs. 1,49,600 crores between April 2004 and March 2005 (Source: AMFI Update).

The Company is also a SEBI registered Portfolio Manager and has commenced its Portfolio Management Services during the period under review. Portfolio Management Services is a format that is focussed on managing individual accounts separately. The Portfolio Manager broadly offers services under the following categories: Discretionary services, Non-discretionary services, Investment Advisory Services and Structured Products. It is proposed to scale this business in the next year.

New Launches:

During the period under review, RMF launched eight schemes. On May 10, 2004 RMF launched the "Reliance Pharma Fund", an open-ended Pharma sector scheme; on September 16, 2004 the "Reliance Media & Entertainment Fund", an open-ended media & entertainment sector scheme; on August 23, 2004 the "Reliance Floating Rate Fund", an open-ended income scheme; on October 16, 2004 the "Reliance NRI Income Fund", an open-ended Income Scheme and the "Reliance NRI Equity Fund", an open-ended diversified equity scheme; on January 29, 2005 the "Reliance Index Fund", an open-ended index-linked scheme; on February 14, 2005 the "Reliance Equity Opportunities Fund", an open-ended diversified equity scheme and on March 29, 2005 the "Reliance Fixed Maturity Fund – Series I", a closed ended income scheme. A series of Monthly Plan (Series VII - XVIII), Quarterly Plan (Series V - VIII) and Annual Plan (Series –IV) was launched under Reliance Fixed Term Scheme.

The Fund introduced the Institutional Option under Reliance Short Term Fund. The Monthly Dividend Pay-out Option and Monthly Dividend Re-investment Option were introduced in Reliance Liquid Fund – Treasury Plan. The Monthly Dividend Pay-out Option, Daily Dividend Re-investment Option, Weekly Dividend Re-investment Option and Monthly Dividend Re-investment Option were introduced under the Dividend Plan of Reliance Floating Rate Fund. The Fund also introduced the facility of Systematic Transfer Plan and Dividend Transfer Plan in the schemes of RMF.

The assets under management of RMF during the financial year 2004-2005 have gone up from Rs.7,240 crores to Rs. 9,542 crores showing an increase of Rs. 2,302 crores.

Awards and Recognitions:

Reliance Mutual Fund declared biggest gainer in terms of AUM

According to the ICRA Online Mutual Fund Rankings for the First Quarter, FY 2004-05 (June 30, 2004): "Reliance Mutual Fund has been the biggest gainer over the last one year with increase in Total AUM of Rs. 6884 crores reflecting a growth of 159%. In the past 3 months itself, the Fund has added over Rs. 3900 crores in its assets. The phenomenal growth has helped the fund find a place in the top 5 list on the basis of assets managed. The fund manages assets in excess of 11200 crores (as on 30th June 2004)"

- **Reliance Growth Fund moved up one notch to ICRA MFR1** entering the Top 10% bracket faring well on the return score parameter.
- **Reliance Growth Fund and Reliance Vision Fund retained the ICRA MFR1** rankings for the Three year ranking.
- **Reliance Short Term Fund has been ranked ICRA MFR1 for the third consecutive quarter** in the Debt Short Term Funds one-year ranking.

Reliance Growth Fund – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Equity Schemes, September 2004 to Reliance Growth Fund – Growth, indicating that the composite performance of Reliance Growth Fund - Growth is "Very Good" in the Open End Equity Category, and ranks within the top 10% of the 36 schemes ranked in this category.

Reliance Income Fund – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Debt Schemes, September 2004 to Reliance Income Fund – Growth indicating that the composite performance of Reliance Income Fund - Growth is Very Good in the Open End Debt Category, and ranks within the top 10% of the 20 schemes ranked in this category.

Reliance Liquid Fund – Treasury Plan – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Liquid Schemes, September 2004 to Reliance Liquid Fund - Treasury Plan –Growth indicating the composite performance of Reliance Liquid Fund - Treasury Plan -Growth is "Very Good" in the Open End Liquid Category, and ranks within the top 10% of the 25 schemes ranked in this category.

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DIRECTORS' REPORT - CONTD...

Reliance Short Term Fund – Growth awarded CRISIL CPR2

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 2 Open End Debt Short Term Schemes, September 2004 to Reliance Short Term Fund – Growth indicating the composite performance of Reliance Short Term Fund - Growth is "Good" performance in the Open End Debt Short Term Category, and ranks within the top 30% of the 17 schemes ranked in this category.

Reliance Vision Fund - Growth awarded CRISIL CPR3

CRISIL has assigned a composite performance Rank of CRISIL~CPR 3 Open End Equity Schemes, September 2004 to Reliance Vision Fund.

Reliance Income Fund - Retail-GP-Growth has been ranked ICRA MFR 1 by ICRA Online in the category Debt Long Term for its 1 year performance till December 31, 2004.

Reliance Growth Fund- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Equity Diversified Defensive for its 1 year performance till December 31, 2004.

Reliance G Sec Fund - LTP-Retail- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Gilt Long Term Plan for its 1 year performance till December 31, 2004.

Reliance Growth Fund- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Equity Diversified Defensive for its 3 year performance till December 31, 2004.

Reliance Vision Fund- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Equity Diversified Defensive for its 3 year performance till December 31, 2004.

Shri Madhusan Kela, Head – Equities, was adjudged the Equity Fund Manager of the year by Business Standard – Fund Manager. He was presented the same at the hands of Dr. Manmohan Singh, honorable Prime Minister of India at the award ceremony held in Delhi.

New Initiatives:

In our effort to strengthen investor services, the Fund has initiated the Reliance Mutual Fund Knowledge Series– a knowledge sharing platform for our distributors and investors. Since its launch, the Reliance Mutual Fund Knowledge Series has organized investor and distributor meets in various small cities across the country.

Returns Delivered:

During the financial year 2004-2005, RMF has declared dividend three times in Reliance Growth Fund i.e Rs. 3.00, Rs.2.50 and Rs.5.00 each on the face value of Rs. 10.00; three times in Reliance Vision Fund i.e Rs. 3.00, Rs.2.50 and Rs. 5.00 each on the face value of Rs. 10.00; in Reliance Banking Fund, Rs. 3.00 on the face value of Rs. 10.00; two times in Reliance Floating Rate Fund i.e. Rs.0.0241 and Rs. 0.0233 each on the face value of Rs. 10.00; and in Reliance Fixed Term Scheme – Quarterly Plan – VII & VIII, i.e. Rs. 0.0903 and Rs. 0.0128 each on the face value of Rs. 10.00. Further, a bonus of 2:5 in Reliance Medium Term Fund was declared.

In continuation to our efforts in reaching out to new investors, new branches were opened at Chandigarh, Goa, Indore, Kanpur, Lucknow, Ludhiana and Surat taking the total number of branches to Twenty-Three all over India.

Besides the branches, Karvy's branches at Ahmedabad, Agra, Ajmer, Amritsar, Allahabad, Asansol, Anand, Baroda, Bhubaneswar, Bharauch, Bangalore, Bhavnagar, Chandigarh, Chennai, Cochin, Coimbatore, Dharwad, Dehradun, Durgapur, Erode, Goa, Guwahati, Guntur, Hubli, Hyderabad, Indore, Jallandhar, Jamshedpur, Jalgaon, Jaipur, Kanpur, Karaikudi, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Mumbai, Mangalore, Meerut, Moradabad, Mysore, Nashik, Nagpur, New Delhi, Patna, Pondicherry, Pune, Raipur, Rajahmundry, Rajkot, Ranchi, Surat, Siliguri , Salem , Trichy ,Tirupur ,Tirunelveli, Varanasi & Vijayawada were started as Official Collection Points and Investor Service Centres for RMF taking the no of Investor Service Centres from 22 to 85.

During the year under review, six meetings of the Board of Directors of the company were held.

The company has issued no further shares during the year.

Fixed Deposits:

The Company has not accepted any Fixed Deposits from the public.

Directors:

Shri Shailesh Vaidya, Director of the Company retired by rotation and being eligible, offered himself for re-appointment.

Directors' Responsibility Statement:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i) In the preparation of the annual accounts for the financial year ended March 31, 2005, the applicable accounting standards have been followed and that there are no material departures.

ii) The Directors have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2005 on a 'going concern' basis.

Auditors & Auditors' Report:

M/s. C. C. Chokshi & Co., Chartered Accountant, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a letter from M/s. C. C. Chokshi & Co., Chartered Accountant, to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Members are requested to consider the appointment of the Auditors and fix their remuneration.

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments.

Personnel:

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure of the Director's Report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Particulars required to be furnished in this report under the section 217(1)(e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 relating to the conservation of the energy and technology absorption are not applicable for the year under review, and hence not furnished. There was no foreign exchange earnings or outgo during the year.

Acknowledgements:

Your Directors place on record their deep appreciation for the co-operation and assistance received from SEBI, RBI, custodian, bankers, registrars, shareholders, staff of the Company and other business constituents associated with your Company.

For and on behalf of the Board of Directors

D. J. Kapadia	**Amitabh Jhunjhunwala**
Director	Director

Place :Mumbai
Dated : April 25, 2005

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STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH 2005, FORMING PART OF THE DIRECTORS' REPORT

Sr. No.	Particulars	Employees						
1.	Name	Mr. Amitabh Chaturvedi	Mr. K. Rajagopal	Mr. Madhusudan Kela	Mr. Srinath Srinivasan*	Mr. Amit Goela*	Mr. Rajesh Bhatia*	Mr. Rajesh Agarwal*
2.	Designation & Nature of Duty	CEO	CIO	Head – Equity	Head – Private Equity	Vice President - Private Equity	Head - PMS	Vice President - Private Equity
3.	Nature of employment	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent
4.	Gross Remuneration received (Rs.)	59,04,000	65,00,000	52,42,200	58,66,667	20,00,000	12,50,000	13,33,333
5.	Qualification	B.Com, FCA	MA, CAIIB	B.Com, MMS	B.E., MBA	MBA	B.Com, CFA, ICWA	B.E., MBA
6.	Age	37 years	57 years	36 years	38 years	40 years	35 years	35 years
7.	Experience	15 years	34 years	14 years	15 years	16 years	15 years	11 years
8.	Date of commencement of employment	1.09.2003	12.03.2001	1.12.2003	6.05.2004	2.08.2004	1.11.2004	1.12.2004
9.	Last employment held & Designation	G.M. – ICICI Bank	G.M. & Head of Treasury (Rupee) – State Bank Of India	V.P. – Reliance Capital Limited	Assistant Director - Emerging Markets Partnerships	CEO - Alchemy Shares and Stock Brokers Ltd.	Vice President - IL & FS Ltd.	Vice President (Private Equity) - ICICI Venture Funds Management Company

*Persons employed for part of the financial year under report and were in receipt of remuneration which in the aggregate was not less than Rs. 2 lakhs per month.

Note:

1. Remuneration comprises salary, commission, monetary value of perquisites and contribution to Provident Fund.
2. None of the employees mentioned above is a relative of any Director of the Company.

For and on behalf of the Board of Directors

D. J. Kapadia Director

Amitabh Jhunjhunwala Director

Place : Mumbai
Dated : 25th April, 2005

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AUDITORS' REPORT

To the Members,

Reliance Capital Asset Management Limited.

1. We have audited the attached Balance Sheet of Reliance Capital Asset Management Limited as on 31st March 2005 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 b) In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of those books;
 c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 e) On the basis of written representations received from directors as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director is in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
 (ii) In the case of the Profit and Loss Account, of the profit for the year ended 31st March 2005; and
 (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **C. C. Chokshi & Co.**
Chartered Accountants
R. Salivati
Partner
Membership No. 34004

Place: Mumbai
Date: 25th April, 2005

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of Reliance Capital Asset Management Limited for the year ended 31st March, 2005.

(i.) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) The company has not disposed off a substantial part of fixed assets, therefore clause 4(i) (c) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(ii.) The Company has no inventory, therefore clause 4(ii) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(iii.) The Company has neither granted nor taken loan to/from companies covered in the register maintained under section 301 of the Companies Act, 1956, therefore clause 4(iii) of Companies (Auditor's Report) order, 2003 is not applicable to the company.

(iv.) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. There are no purchases of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.

(v.) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956. Accordingly clause 4(v) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(vi.) According to the information and explanations given to us, we are of the opinion that the Company has not accepted any deposits from the public; hence clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

(vii.) The Company does not have any internal audit system.

(viii.) The Central government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried on by the company. Hence, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(ix.) (a) According to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth-Tax, Customs duty, Excise Duty, Cess, Service Tax and other material statutory dues with the appropriate authorities during the year.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty, wealth tax, excise duty, cess and service tax were in arrears, as at 31st March 2005 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, customs duty, wealth tax, excise duty, cess and service tax which have not been deposited on account of any dispute.

(x.) The company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi.) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks.

(xii.) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(xiii.) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(xiv.) Based on our examination of the records and evaluation of the related internal controls, the company has maintained proper records of transactions and contracts in respect of dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the company in its own name, except to the extent of the exemption granted under section 49 of the Companies Act, 1956.

(xv.) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(xvi.) According to the information and explanations given to us, the company has not received any term loans. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(xvii.) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii.) The company has not made any preferential allotment of shares during the year, therefore the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xix.) The company has not issued any debentures during the year, nor was any debentures outstanding at the beginning of the year, therefore the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xx.) The company has not raised any money by public issues, therefore the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable.

(xxi.) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **C. C. Chokshi & Co.**
Chartered Accountants
R. Salivati
Partner
Membership No. 34004

Place: Mumbai
Date: 25th April, 2005

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Reliance Capital Asset Management Limited

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	A	110,007,000		110,007,000	
(b) Reserves & Surplus					
(Surplus in Profit and loss Account)		224,927,029	334,934,029	103,823,930	213,830,930
Deferred tax liability (net)			14,421,392		17,384,302
TOTAL			349,355,421		231,215,232
Application of Funds :					
Fixed Assets					
(a) Gross Block	B	56,538,786		27,223,595	
(b) Less : Depreciation		17,882,646		10,166,483	
(c) Net Block			38,656,140		17,057,112
Investments	C		227,966,988		154,330,580
Current Assets, Loans & Advances	D				
(a) Cash and Bank Balance		4,490,759		4,427,369	
(b) Debtors		12,845,902		82,611,085	
(c) Loans and Advances		110,197,573		40,615,247	
(d) Other Current Assets		31,770,959		21,369,121	
		159,305,193		149,022,822	
Less : Current liabilities & Provisions	E				
(a) Current Liabilities		13,377,197		101,120,253	
(b) Provisions		96,739,696		33,551,280	
		110,116,893		134,671,533	
Net Current Assets			49,188,300		14,351,289
Miscellaneous Expenditure (to the extent not written off or adjusted)	F		33,543,992		45,476,251
TOTAL			349,355,421		231,215,232
Significant Accounting Policies and Notes to Accounts	K				

As per our attached report of even date

For **C. C. Chokshi & Co.**
Chartered Accountants

R. Salivati
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board of Directors

Amitabh Jhunjhunwala
Director

D.J.Kapadia
Director

Amitabh Chaturvedi
Chief Executive Officer

Amit Bapna
Financial Controller

Ravi O.V
Company Secretary

V. Ananthakrishnan
Manager

Mumbai
Dated: 25th April, 2005

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	(Rupees) 31st March, 2005		(Rupees) 31st March, 2004	
INCOME					
Investment Management and Advisory fees		437,442,163		320,541,312	
Portfolio Management Fees		5,275,879		-	
Interest	G	1,990,863		3,759,307	
Dividend on long term investments		23,903,358		20,091,842	
Profit on Sale/Redemption of long term Investment (Net)		14,699,879		7,493,799	
Provision no longer required written back		18,494,472		-	
Interest on Income Tax Refund		142,247		-	
Other Income		362,555		226,198	
			502,311,416		352,112,458
Expenditure					
Salaries and benefits to employees	H	128,670,176		49,079,664	
Administrative and other expenses	I	99,192,090		48,105,567	
Marketing and Publicity Exps.	J	72,948,678		131,010,570	
Depreciation		7,817,493		2,449,766	
Loss on Sale of Fixed Assets (Net)		209,236		-	
Preliminary Expenses Written Off		34,026		34,026	
Deferred Revenue expenditure written off		11,898,233		5,982,713	
			320,769,932		236,662,306
Profit Before Tax			181,541,484		115,450,152
Provision for tax					
Current tax			(59,000,000)		(26,700,000)
Deferred tax			2,962,911		(14,117,276)
Profit After Tax			125,504,395		74,632,877
Less: Short Provision for Tax			(4,401,296)		-
Net Profit			121,103,099		74,632,877
Add: Balance brought forward			103,823,930		29,191,053
Balance Carried to Balance Sheet			224,927,029		103,823,930
Basic and Diluted Earning per share of Rs. 10 each			15.91		9.72
Significant Accounting Policies and Notes to Accounts	K				

As per our attached report of even date

For **C. C. Chokshi & Co.**
Chartered Accountants

R. Salivati
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board of Directors

Amitabh Jhunjhunwala
Director

Amitabh Chaturvedi
Chief Executive Officer

Ravi O.V
Company Secretary

Mumbai
Dated: 25th April, 2005

D.J.Kapadia
Director

Amit Bapna
Financial Controller

V. Ananthakrishnan
Manager

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SCHEDULES FORMING PART OF THE BALANCE SHEET

		(Rupees) As at 31st March, 2005		(Rupees) As at 31st March, 2004	
SCHEDULE "A"					
Share Capital					
Authorised					
10,000,000	Equity shares of Rs.10/- each	**100,000,000**		100,000,000	
350,000	5% Cumulative Redeemable Preference shares of Rs.100/- each	**35,000,000**		35,000,000	
1,500,000	Unclassified shares of Rs.10/- each	**15,000,000**		15,000,000	
			150,000,000		150,000,000
Issued, subscribed and paid up					
7,500,700	Equity shares of Rs.10/- each, fully paid up	**75,007,000**		75,007,000	
350,000	5% Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up (redeemable at par on 27.11.2007) (All the shares are held by the holding company Reliance Capital Limited and its nominees)	**35,000,000**		35,000,000	
			110,007,000		110,007,000

SCHEDULE "B"

Fixed Assets

(Rupees)

Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2004	Additions	Deductions	**As at 31.3.2005**	Up to 1.4.2004	During the Year	Deductions	**Up to 31.3.2005**	**As at 31.3.2005**	As at 31.03.2004
Computer	16,874,181	6,512,846	92,716	23,294,311	8,008,472	4,602,228	39,659	12,571,042	10,723,269	8,865,710
Motor Car	3,452,567	3,353,952	-	6,806,519	940,769	1,195,471	-	2,136,240	4,670,279	2,511,798
Office Equipment	2,344,299	16,188,096	-	18,532,395	368,471	1,114,585	-	1,483,056	17,049,339	1,975,828
Furniture	4,552,548	3,755,694	402,680	7,905,562	848,772	905,209	61,672	1,692,309	6,213,253	3,703,776
Total	**27,223,595**	**29,810,587**	**495,396**	**56,538,786**	**10,166,483**	**7,817,493**	**101,331**	**17,882,646**	**38,656,139**	**17,057,112**
Previous year	11,378,966	15,844,629	-	27,223,595	7,716,717	2,449,766	-	10,166,483	17,057,112	3,662,249

	Face Value	Quantity As at 31.3.2005	(Rupees) Cost As at 31.3.2005	Quantity As at 31.3.2004	(Rupees) Cost As at 31.3.2004
SCHEDULE "C"					
Long term Investments - Non Trade					
(a) Government and other securities (Unquoted)					
6.75% Tax free US 64 Bonds	100	**22**	**2011**	22	2011
			2011		2011
(b) Fully paid Debentures (Unquoted)					
10.50% Secured Reedemable Debentures Of Reliance Telecom Limited (Previous Year 3,25,000)	210,000	**70**	**10,500,000**	70	22,750,000
			10,500,000		22,750,000
(c) Fully Paid Shares (Quoted)					
Reliance Industries Limited	10	**25,000**	**1 37 77 803**	25,008	4,298,321
Glenmark Pharma Limited	10	**-**	**0**	50	10,000
ISIBARS Limited	10	**-**	**0**	193	2,171
			13,777,803		4,310,492

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SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value	Quantity As at 31.3.2005	(Rupees) Cost As at 31.3.2005	Quantity As at 31.3.2004	(Rupees) Cost As at 31.3.2004
(d) Other Investments - Mutual Funds (Quoted) fully paid units of Rs.10 each					
Anagram Income Scheme'97	10	-	-	100	1,000
Apple Platinum Share	10	-	-	147	1,337
Birla Advantage Fund	10	-	-	146	3,060
Birla Balance	10	-	-	339	3,450
Birla Income Plus	10	-	-	261	3,000
Centurion Open End Fund	10	-	-	139	1,006
Chola Triple Ace	10	-	-	200	2,000
DSP Merrill Lynch Bond Fund-Growth-Regular	10	-	-	500	8,462
DSP Merrill Lynch Equity Fund - Regular Dividend	10	-	-	914	14,156
GIC Fortune - 94	10	-	-	106	1,000
HDFC Balanced Fund	10	-	-	327	3,300
Kothari Pioneer Prima PlusDividend plan	10	-	-	204	2,120
Reliance Income Fund - Growth Plan	10	**162,823**	**2,000,000**	1,539,497	29,588,962
Reliance Liquid Fund-Treasury Plan (Retail)	10	-	-	2,491	36,651
Reliance Growth Fund Dividend Plan	10	**553,973**	**17,500,000**	553,973	17,500,000
Reliance Vision Fund Dividend Plan	10	**2,401,851**	**100,000,000**	1,080,847	50,000,000
Reliance Short Term Fund	10	-	-	966,281	10,088,038
Reliance Monthly Income Plan	10	-	-	2,000,000	20,000,000
Reliance Banking Fund	10	**60,362**	**1,500,000**	-	-
Reliance Liquid Fund - Treasury Plan (Institutional)	10	**406,731**	**6,506,682**	-	-
Reliance fixed term AP 4 - Growth Option	10	**4,545,445**	**45,454,447**	-	-
Reliance fixed term QP 8 - Growth Option	10	**500,000**	**5,000,000**		
Reliance Floating Rate Fund Growth Option	10	**856,782**	**8,716,045**	-	-
Reliance Index Fund - Nifty - Growth Option	10	**200,000**	**2,000,000**		
Reliance Equity Oppurtuinities Fund - Growth Option	10	**1,500,000**	**15,000,000**		
Reliance Gilt Long Term Plan Growth Option	10	-	-	-	-
Reliance Gilt Long Term Plan Dividend Option	10	-	-	-	-
Prudential ICICI Emerging STAR-Growth	10	**435**	**5,000**	-	-
Kotak 30 - Growth	10	**162**	**5,000**	-	-
Templeton India Growth Fund - Div Reinv. Option	10	-	-	254	3,358
Templeton India Income Fund - Growth Plan	10	-	-	200	2,000
US 2002(Growth)	10	-	-	30	255
HDFC Equity Fund - Dividend Plan	10	-	-	139	1,921
HDFC Top 200 Fund - Dividend Plan	10	-	-	259	3,000
			203,687,173		127,268,077
	TOTAL		**227,966,988**		154,330,580

Notes:

1. Quoted investments

Aggregate of Book value	**217,464,976**	131,578,568
Aggregate of Market value	**199,391,290**	131,908,286
Unquoted investments		
Aggregate of Book value	**10,502,011**	22,752,011

2. The Market Value in the case of Units of Mutual Funds is the repurchase price.

3. No provision is made for the made for the diminution of Rs. 1,80,73,686 (Previous Year Rs. Nil) in the value of Quoted investments as the same is expected to be temporary in the nature.

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SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rupees) As at 31st March, 2005		(Rupees) As at 31st March, 2004	
SCHEDULE "D"				
Current Assets, Loans & Advances				
A. Current Assets :				
Cash on Hand	813,643		171.378	
Balance with current accounts with Scheduled banks	3,677,116	4,490,759	4,255.991	4,427,369
		4,490,759		4,427,369
B. Sundry Debtors : (Unsecured considered good)				
Outstanding for more than six months	-		31,200	
Other debtors	12,845,902	12,845,902	82,579,885	82,611,085
		12,845,902		82,611,085
C. Loans and Advances : (Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received				
Loans to employees	638,882		6,86,951	
Tax Deducted at Source	44,404,358		28,304,775	
Advance Tax Paid	37,794,000		7,094,000	
Other receivables	27,360,333	110,197,573	4,529,521	40,615,247
		110,197,573		40,615,247
D. Other Current Assets				
Accrued Interest	265,305		589,008	
Prepaid exp.	800,602		1,750,005	
Deposits	30,705,052	31,770,959	19,030,109	21,369,121
		31,770,959		21,369,121
SCHEDULE "E"				
A. Current Liabilities and Provisions				
TDS Payable	2,838,952		2,009,446	
Professional tax payable	42,050		23,075	
E.P.F. Payable	1,291,418		878,392	
Sundry auditors (other than Small Scale Industry)	9,204,776	13,377,196	98,209,340	101,120,253
		13,377,196		101,120,253
B. Provisions				
Provision for Taxation	85,700,000		29,700,000	
Provision for Gratuity	1,443,000		-	
Provision for Leave encashment	9,596,696	96,739,696	3,851,280	33,551,280
		96,739,696		33,551,280
SCHEDULE "F"				
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary Expenses	34,026		68,052	
Less: Written off during the year	34,026	-	34,026	34,026
Deferred Revenue Expenditure				
(Promotional Expenditure on launch of the Mutual Fund Schemes)	45,442,225		51,424,938	
Less: Written off during the year	11,898,233	33,543,992	5,982,713	45,442,225
		33,543,992		45,476,251

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

		(Rupees) As at 31st March, 2005		(Rupees) As at 31st March, 2004
Schedule "G"				
Interest Income				
Interest on long term Investments (Gross)		1,990,863		3,759,307
(Tax deducted at source Rs. 4,08,127/- (Previous year Rs. 12,38,287))		1,990,863		3,759,307
SCHEDULE "H"				
Salaries and Benefits to Employees				
Salaries, Allowances and Bonus	107,554,825		40,530,599	
Contribution to Provident and other funds	7,559,531		2,949,770	
Group gratuity and Superannuation premium	2,307,211		1,920,729	
Provision for gratuity	1,443,000		-	
Leave encashment	6,165,459		2,256,257	
Staff welfare expenses	3,640,149	128,670,176	14,22,309	49,079,664
		128,670,176		49,079,664
SCHEDULE "I"				
Administrative and Other Expenses				
Audit fees	157,392		86,400	
Software repair & mantenance	3,800,816		155,890	
Conveyance & Travelling	16,963,639		6,023,611	
Conference meet expenses	780,723		-	
Courier charges	307,447		3,062,521	
Director sitting fees	145,000		48,000	
Entertainment	1,505,345		2,863,803	
Filing fees & Stamp duty	1,932,790		239,089	
Hire Charges	-		226,547	
Lease rent	510,532		1,285,674	
Insurance	899,088		247,025	
Legal & Professional Charges	20,333,896		8,820,143	
Membership & Subscription	5,308,936		3,139,976	
Newspapers, Magazines & periodicals	280,809		111,747	
Office Administration	4,733,240		2,201,929	
Petrol and car maintenance	2,960,137		2,351,471	
Printing & Stationary	3,360,705		2,150,157	
Rent	12,653,350		8,960,109	
Electricty	2,135,165		278,584	
Repairs & Maintenance	6,745,289		292,618	
Seminar & training	2,854,620		962,256	
Telephone	9,001,281		3,558,530	
Donation	600,000		-	
Miscellaneous Expenses (including Bank charges, profession Tax etc.)	1,221,890	99,192,090	1,039,488	48,105,567
		99,192,090		48,105,567
SCHEDULE "J"				
Marketing & Publicity Expenses				
Advertisement	26,031		2,404,214	
Marketing Expenses	63,299,857		3,670,508	
Postage	7,164		15,129	
Brokerage and Incentives	9,103,818		124,179,995	
Branch Meet Expenses	511,807	72,948,678	740,724	131,010,570
		72,948,678		131,010,570

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NOTES ON ACCOUNTS

Schedule "K"

Notes on Accounts and Significant Accounting Policies

A. Significant Accounting Policies

1. Basis of preparation of Financial Statements

 The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2. Use of Estimates:

 The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

3. Fixed Assets:

 Fixed Assets are recorded at cost of acquisition. They are stated at historical cost.

4. Depreciation:

 Depreciation of Fixed Assets is provided on written down value method in accordance with Section 205 (2) (a) of the Companies Act, 1956 as per rates specified in Schedule XIV to the Companies Act, 1956.

5. Investment:

 Long Term Investments are stated at cost of acquisition. Provision for diminution is made to recognise a decline, other than temporary, in the value of investments. Current Investments are carried at lower of cost and fair value.

6. Initial Issue expenses of schemes:

 Initial issue expenses of the schemes of Reliance Mutual Fund incurred upto 31st March,2004 were treated as Deferred Revenue Expenditure and written off over five years in equal installments. However the same incurred on or after 1st April 2004 are charged to Profit and loss account in compliance with Accounting Standard 26 issued by the Institute of Chartered Accountants of India.

7. Revenue Recognition :

 Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection.

 (I) Investment Management Fees:

 Investment Management fees are computed in accordance with Investment Management Agreement and SEBI Regulations based on Net Asset Value confirmed by Reliance Mutual Fund schemes.

 (II) Profit on Sale of Investments:

 Profit on sale of Investments is accounted reckoning the average cost of the Investments.

 (III) Other Income:

 Other Income is accounted on accrual basis.

8. Retirement benefits :

 The Company contributes to a Recognised Provident Fund. Gratuity and Superannuation schemes are administered through policies taken from an Insurance Company. Provision is also made for the shortfall for gratuity liability as certified by the insurance Company.

9. Leave Encashment:

 Leave encashment provision is made on the basis of the leave outstanding of all the employees entitled to be carried forward.

10. Comparatives:

 Comparative financial information is presented in accordance with the 'Corresponding Figure' financial reporting framework set out in Auditing and Assurance Standard 25 on Comparatives. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to the figures of the current financial year

11. Taxes on Income:

 Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.

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NOTES ON ACCOUNTS

B. Notes on Accounts

(Rupees)

	2004 – 2005	2003 – 2004
1. Unpaid Preference Shares Dividend:		
5% dividend on preference shares in arrears for the years 2000-01 to 2004-05 (previous year 2000-01 to 2003-04)	**87,50,000**	70,00,000
2. Payment to Auditor		
Audit Fees	**1,10,200**	64,800
Tax Audit Fees	**44,080**	21,600
Out of Pocket Expenses	**3112**	-
3. Information regarding Managerial Remuneration:		
Remuneration to Manager		
Salaries	**12,82,188**	10,50,372
Perquisites & Other Allowances	**5,18,992**	2,11,800
Contribution to Provident & Superannuation Fund	**98,820**	84,240
Contribution/ provision for gratuity is not considered.		
4. Future liability in respect of car taken on operating lease after 1st April, 2001:		
a) Not later than one year	**14,95,008**	6,96,564
b) Later than one year and not later than five years	**34,15,773**	11,35,309
c) Later than five years	**NIL**	NIL
5. Deferred Tax Liabilities:		
Depreciation	**21,46,807**	10,81,904
Deferred Revenue expenditure (promotional expenditure on launch of the mutual fund schemes)	**1,22,74,585**	1,63,02,398
Total	**1,44,21,392**	1,73,84,302
6. Earning per share (AS – 20):		
Net Profit as per Profit and loss account	**12,11,03,099**	7,46,32,877
Less:- Preference dividend	**17,50,000**	17,50,000
Net Profit attributable to equity shareholders	**11,93,53,099**	7,28,82,877
Weighted average number of equity shares outstanding	**75,00,700**	75,00,700
Basic and Diluted earning per share	**15.91**	9.72
7. Expenditure in foreign currency:		
Travelling	**10,75,644**	-

8. Hitherto, initial issue expenses of schemes of Reliance Mutual Fund were treated as deferred revenue Expenses and written off over a period of 5 years in equal annual installments. From this year, such expenditure incurred on or after 1st April 2004 is charged to Profit and Loss Account to be in compliance with Accounting Standard 26 on "Intangible Assets" issued by the Institute of Chartered Accountants of India. As a result profit is lowered by Rs. 4,88,55,677.

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NOTES ON ACCOUNTS

9. Related Party Disclosures:

(i) List of Related Parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Capital Limited	Holding Company
2	Reliance General Insurance Co. Ltd.	Fellow Subsidiary
3	Reliance Mutual Fund	Associate

(Rupees)

(ii)

Sr. No.	Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Total
A)	Share Capital	11,00,07,000			11,00,07,000
		(11,00,07,000)			(11,00,07,000)
B)	Investments				
	Opening Balance			12,72,13,651	12,72,13,651
				(8,34,00,882)	(8,34,00,882)
	Add: Purchases			43,84,13,010	43,84,13,010
				(33,83,69,149)	(33,83,69,149)
	Less: Sales			36,19,49,488	36,19,49,488
				(29,45,56,380)	(29,45,56,380)
	Closing Balance			20,36,77,173	20,36,77,173
				(12,72,13,651)	(12,72,13,651)
C)	Sundry Debtors			96,23,598	96,23,598
				(8,25,79,885)	(8,25,79,885)
D)	Other Liabilities	-			-
		(76,20,000)			(76,20,000)
E)	Investment Management &				
	Advisory Fees			43,74,42,163	43,74,42,163
				(32,05,41,312)	(32,05,41,312)
F)	Other Income				
	Dividend			2,37,70,631	2,37,70,631
				(1,99,49,025)	(1,99,49,025)
G)	Expenditure				
	Rent	76,20,000			76,20,000
		(76,20,000)			(76,20,000)
	Repairs & Maintenance	1,45,496			1,45,496
		-			-
	Electricity	7,17,099			7,17,099
		-			-
H)	Insurance Premium		10,10,753		10,10,753
	(including prepaid)				
			(11,21,873)		(11,21,873)

The figures in brackets indicate previous year (2003-2004)

10. In the opinion of the management, the company is mainly in the business of Asset Management Services. As such, there is only one reportable segment.

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NOTES ON ACCOUNTS

11. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:

1. Registration Details

Registration No.				2	4	7	8	0	State Code						0	4
Balance Sheet Date	3	1	0	3	2	0	0	5								

II. Capital raised during the year (Amount in Rs. thousand)

Public Issue						N	I	L	Rights Issue					N	I	L
Bonus Issue						N	I	L	Private Placement					N	I	L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousand)

Total Liabilities			3	4	9	3	5	5	Total Assets			3	4	9	3	5	5
Sources of Funds									**Applications of Funds**								
Paid up Capital			1	1	0	0	0	7	Net Fixed Assets				3	8	6	5	6
Reserves & Surplus			2	2	4	9	2	7	Investments			2	2	7	9	6	7
Secured Loans						N	I	L	Net Current Assets				4	9	1	8	8
Unsecured Loans						N	I	L	Miscellaneous Expenditure				3	3	5	4	3
									Deferred Tax Liability (Net)				1	4	4	2	1

IV. Performance of Company (Amount in Rs. thousand)

Turnover			5	0	2	3	1	1	Total Expenditure			3	2	0	7	7	0
Profit/ Loss Before Tax			1	8	1	5	4	1	Profit/ Loss After Tax			1	2	5	5	0	4
Earning Per Share (Rs.)				1	5	.	9	1	Dividend Rate %						N	I	L

V. Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

Not Applicable

12. Corresponding figures of the previous year have been regrouped to conform with this year's grouping wherever necessary.

As per our attached report of even date

For **C. C. Chokshi & Co.**
Chartered Accountants

R. Salivati
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board of Directors

Amitabh Jhunjhunwala
Director

Amitabh Chaturvedi
Chief Executive Officer

Ravi O.V
Company Secretary

Mumbai
Dated: 25th April, 2005

D.J.Kapadia
Director

Amit Bapna
Financial Controller

V. Ananthakrishnan
Manager

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Reliance Capital Asset Management Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

Particulars		Rs.	Rs.
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax as per P&L Account		**181,541,484**
	Adjusted for		
	Depreciation	7,817,493	
	Preliminary expenses written off	34,026	
	Deferred revenue expenditure written off	11,898,233	
	Provision for leave encashment	5,745,416	
	Provision for Gratuity	1,443,000	
	Investments		
	Interest / Dividend Income	(25,894,221)	
	(Profit) / Loss on sale of Investment (Net)	(14,699,879)	
	Interest on income tax refund	(142,247)	
	Loss / (Profit) on sale of Fixed Assets	209,236	(13,588,943)
	Operating Profit before Working Capital changes		**167,952,541**
	Adjusted for		
	Trade and Other Receivables	36,256,899	
	Trade Payables	(87,743,057)	(51,486,158)
	Cash generated from Operations		**116,466,383**
	Taxes Paid	(56,107,649)	
	Refund received	2,049,019	(54,058,630)
	Net Cash from Operating Activities		**62,407,753**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	(29,810,587)	
	Sale of Fixed Assets	184,830	
	Purchase of Investments	(452,201,923)	
	Sale of Investments	393,265,393	
	Interest Received	2,314,566	
	Dividend Received	23,903,358	
	Net Cash used in Investing Activities		**(62,344,363)**
C.	**Cash Flow from Financing Activities**		-
	Net increase in cash and cash Equivalents (A+B+C)		**63,390**
	Opening Balance of Cash and Cash Equivalents		**4,427,369**
	Closing Balance of Cash and Cash Equivalents		**4,490,759**

Corresponding figures of the previous year are not disclosed in terms of modifications to Accounting Standard 3 made by The Institute of Chartered Accountants of India in September 2003.

Cash and cash equivalents represents cash and balance with the scheduled banks in current account.

As per our attached report of even date

For **C. C. Chokshi & Co.**
Chartered Accountants

R. Salivati
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board of Directors

Amitabh Jhunjhunwala
Director

D.J.Kapadia
Director

Amitabh Chaturvedi
Chief Executive Officer

Amit Bapna
Financial Controller

Ravi O.V
Company Secretary

V. Ananthakrishnan
Manager

Mumbai
Dated: 25th April, 2005

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DIRECTORS' REPORT

To the Members,

Your Directors present their Tenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2005.

Financial Results:

	Year ended 31st March, 2005 (Rs.)	Year ended 31st March, 2004 (Rs.)
Gross Income	**5,54,255**	5,40,784
Gross Profit	**76,926**	4,20,476
Depreciation	**NIL**	NIL
Profit before tax	**76,926**	4,20,476
Provision for taxation	**19,000**	1,42,073
Provision for Deferred Tax Liability	**NIL**	NIL
Excess provision for tax in the previous year	**529**	NIL
Profit After Tax	**58,455**	2,78,403
Balance carried to Balance Sheet	**15,31,312**	14,72,857
E.P.S. (Basic and Diluted)	**1.15**	5.49

Dividend:

The Company has decided to plough back its profits for future developments. Hence no dividend is recommended for the year under review.

Operations:

The Company is the Trustee to Reliance Mutual Fund (RMF) formerly Reliance Capital Mutual Fund (RCMF). RMF currently has four open-ended Equity Schemes (Reliance Vision Fund, Reliance Growth Fund, Reliance NRI Equity Fund and Reliance Equity Opportunities Fund); six open-ended Debt Schemes (Reliance Income Fund, Reliance Short Term Fund, Reliance Medium Term Fund, Reliance Monthly Income Plan, Reliance Floating Rate Fund and Reliance NRI Income Fund); an open-ended Liquid Scheme (Reliance Liquid Fund); two close-ended debt Schemes (Reliance Fixed Term Scheme and Reliance Fixed Maturity Fund – Series I); four sector specific schemes (Reliance Banking Fund, Reliance Diversified Power Sector Fund, Reliance Pharma Fund and Reliance Media & Entertainment Fund); a government securities scheme (Reliance Gilt Securities Fund); and an open-ended index linked scheme (Reliance Index Fund).

During the year, the Mutual Fund Industry has witnessed a rise of Rs. 9,984 crores in the total assets under management from Rs. 1,39,616 crores to Rs. 1,49,600 crores between April 2004 and March 2005 (Source: AMFI Update).

New Launches:

During the period under review, RMF launched eight schemes. On May 10, 2004 RMF launched the "Reliance Pharma Fund", an open-ended Pharma sector scheme; on September 16, 2004 the "Reliance Media & Entertainment Fund", an open-ended media & entertainment sector scheme; on August 23, 2004 the "Reliance Floating Rate Fund", an open-ended income scheme; on October 16, 2004 the "Reliance NRI Income Fund", an open-ended Income Scheme and the "Reliance NRI Equity Fund", an open-ended diversified equity scheme; on January 29, 2005 the "Reliance Index Fund", an open-ended index-linked scheme; on February 14, 2005 the "Reliance Equity Opportunities Fund", an open-ended diversified equity scheme and on March 29, 2005 the "Reliance Fixed Maturity Fund – Series I", a closed ended income scheme. A series of Monthly Plan (Series VII - XVIII), Quarterly Plan (Series V - VIII) and Annual Plan (Series –IV) was launched under Reliance Fixed Term Scheme.

The Fund introduced the Institutional Option under Reliance Short Term Fund. The Monthly Dividend Pay-out Option and Monthly Dividend Re-investment Option were introduced in Reliance Liquid Fund –Treasury Plan. The Monthly Dividend Pay-out Option, Daily Dividend Re-investment Option, Weekly Dividend Re-investment Option and Monthly Dividend Re-investment Option were introduced under the Dividend Plan of Reliance Floating Rate Fund. The Fund also introduced the facility of Systematic Transfer Plan and Dividend Transfer Plan in the schemes of RMF.

The assets under management of RMF during the financial year 2004-2005 have gone up from Rs.7, 240 crores to Rs. 9,542 crores showing an increase of Rs. 2,302 crores.

Awards and Recognitions:

Reliance Mutual Fund declared biggest gainer in terms of AUM

According to the ICRA Online Mutual Fund Rankings for the First Quarter, FY 2004-05 (June 30, 2004): "Reliance Mutual Fund has been the biggest gainer over the last one year with increase in Total AUM of Rs. 6884 crores reflecting a growth of 159%. In the past 3 months itself, the Fund has added over Rs. 3900 crores in its assets. The phenomenal growth has helped the fund find a place in the top 5 list on the basis of assets managed. The fund manages assets in excess of 11200 crores (as on 30th June 2004)"

- **Reliance Growth Fund moved up one notch to ICRA MFR1** entering the Top 10% bracket faring well on the return score parameter.
- **Reliance Growth Fund and Reliance Vision Fund retained the ICRA MFR1** rankings for the Three year ranking.
- **Reliance Short Term Fund has been ranked ICRA MFR1 for the third consecutive quarter** in the Debt Short Term Funds one-year ranking.

Reliance Growth Fund – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Equity Schemes, September 2004 to Reliance Growth Fund – Growth, indicating that the composite performance of Reliance Growth Fund - Growth is "Very Good" in the Open End Equity Category, and ranks within the top 10% of the 36 schemes ranked in this category.

Reliance Income Fund – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Debt Schemes, September 2004 to Reliance Income Fund – Growth indicating that the composite performance of Reliance Income Fund - Growth is Very Good in the Open End Debt Category, and ranks within the top 10% of the 20 schemes ranked in this category.

Reliance Liquid Fund – Treasury Plan – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Liquid Schemes, September 2004 to Reliance Liquid Fund - Treasury Plan –Growth indicating the composite performance of Reliance Liquid Fund - Treasury Plan -Growth is "Very Good" in the Open End Liquid Category, and ranks within the top 10% of the 25 schemes ranked in this category.

Reliance Short Term Fund – Growth awarded CRISIL CPR2

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 2 Open End Debt Short Term Schemes, September 2004 to Reliance Short Term Fund – Growth indicating the composite performance of Reliance Short Term Fund - Growth is "Good" performance in the Open End Debt Short Term Category, and ranks within the top 30% of the 17 schemes ranked in this category.

Reliance Vision Fund - Growth awarded CRISIL CPR3

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 3 Open End Equity Schemes, September 2004 to Reliance Vision Fund.

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DIRECTORS' REPORT - CONTD...

Reliance Income Fund - Retail-GP-Growth has been ranked ICRA MFR 1 by ICRA Online in the category Debt Long Term for its 1 year performance till December 31, 2004.

Reliance Growth Fund- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Equity Diversified Defensive for its 1 year performance till December 31, 2004.

Reliance G Sec Fund - LTP-Retail- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Gilt Long Term Plan for its 1 year performance till December 31, 2004.

Reliance Growth Fund- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Equity Diversified Defensive for its 3 year performance till December 31, 2004.

Reliance Vision Fund- Growth has been ranked ICRA MFR 1 by ICRA Online in the category Equity Diversified Defensive for its 3 year performance till December 31, 2004.

Shri Madhusan Kela, Head – Equities of RCAM, was adjudged the Equity Fund Manager of the year by Business Standard – Fund Manager. He was presented the same at the hands of Dr. Manmohan Singh, honorable Prime Minister of India at the award ceremony held in Delhi.

New Initiatives:

In our effort to strengthen investor services, the Fund has initiated the Reliance Mutual Fund Knowledge Series– a knowledge sharing platform for our distributors and investors. Since its launch, the Reliance Mutual Fund Knowledge Series has organized investor and distributor meets in various small cities across the country.

Returns Delivered:

During the financial year 2004-2005, RMF has declared dividend three times in Reliance Growth Fund i.e Rs. 3.00, Rs.2.50 and Rs.5.00 each on the face value of Rs. 10.00; three times in Reliance Vision Fund i.e Rs. 3.00, Rs.2.50 and Rs. 5.00 each on the face value of Rs. 10.00; in Reliance Banking Fund, Rs. 3.00 on the face value of Rs. 10.00; two times in Reliance Floating Rate Fund, Rs.0.0241 and Rs. 0.0233 each on the face value of Rs. 10.00; and in Reliance Fixed Term Scheme – Quarterly Plan – VII & VIII, Rs. 0.0903 and Rs. 0.0128 each on the face value of Rs. 10.00. Further, a bonus of 2:5 in Reliance Medium Term Fund was declared.

In continuation to the efforts in reaching out to new investors, the new branches of RCAM were opened at Chandigarh, Goa, Indore, Kanpur, Lucknow, Ludhiana and Surat taking the total number of branches to Twenty-Three all over India.

Besides RCAM branches, Karvy's branches at Ahmedabad, Agra, Ajmer, Amritsar, Allahabad, Asansol, Anand, Baroda, Bhubaneswar, Bharauch, Bangalore, Bhavnagar, Chandigarh, Chennai, Cochin, Coimbatore, Dharwad, Dehradun, Durgapur, Erode, Goa, Guwahati, Guntur, Hubli, Hyderabad, Indore, Jallandhar, Jamshedpur, Jalgaon, Jaipur, Kanpur, Karaikudi, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Mumbai, Mangalore, Meerut, Moradabad, Mysore, Nashik, Nagpur, New Delhi, Patna, Pondicherry, Pune, Raipur, Rajahmundry, Rajkot, Ranchi, Surat, Siliguri , Salem , Trichy ,Tirupur ,Tirunelveli, Varanasi & Vijayawada were started as Official Collection Points and Investor Service Centres for RMF taking the no of Investor Service Centres from 22 to 85.

During the year under review, six meetings of the Board of Directors of the company were held.

The company has issued no further shares during the year.

Fixed Deposits:

The Company has not accepted any Fixed Deposits from the public.

Directors:

Shri D. N. Chaturvedi, Director of the Company retired by rotation and being eligible, offered himself for re-appointment.

Directors' Responsibility Statement:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i) In the preparation of the annual accounts for the financial year ended March 31, 2005, the applicable accounting standards have been followed and that there are no material departures.

ii) The Directors have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2005 on a 'going concern' basis.

Auditors & Auditors' Report:

M/s. Malpani & Associates, Chartered Accountant, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a letter from M/s. Malpani & Associates, Chartered Accountant, to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Members are requested to consider the appointment of the Auditors and fix their remuneration.

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments.

Personnel :

The Company has no employees on its payroll as at March 31, 2005 to whom remuneration was paid attracting the provisions of Section 217(2A) of the Companies Act, 1956. Hence, the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, and 1975 are consequently not applicable.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Particulars required to be furnished in this report under the section 217(1)(e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 relating to the conservation of the energy and technology absorption are not applicable for the year under review, and hence not furnished. There was no foreign exchange earnings or outgo during the year.

Acknowledgements:

Your Directors place on record their deep appreciation for the co-operation and assistance received from SEBI, RBI, custodian, bankers, registrars, shareholders, staff of Reliance Capital Asset Management Limited and other business constituents associated with your Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vinod M. Ambani	**Dr. A.C. Shah**
Director	Director

Mumbai
Dated: April 25, 2005

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AUDITORS' REPORT

To the Members,

Reliance Capital Trustee Co. Limited

1) We have audited the attached Balance Sheet of Reliance Capital Trustee Co. Limited, as at 31st March 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3) As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said Order, to the extent applicable to the Company during the year.
4) Further to our comments in the Annexure referred to para 3 above, we report as follows:
 (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
 (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 to the extent applicable to the Company.
 (v) On the basis of written representations received from the directors as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes on Accounts in Schedule-8 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 (a) in the case of the Balance Sheet, of the "State of affairs" of the Company as at 31st March 2005,
 (b) in the case of the Profit and Loss Account, of the "Profit" of the Company for the year ended on that date and
 (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Membership No. : 34171

Mumbai,
Dated : 25th April, 2005

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

(i) During the year, the Company has neither taken nor granted any secured or unsecured loans from/to the parties covered in the register maintained under Section 301 of the Companies Act,1956.

(iii) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the provision of services. During the course of the audit, we have not come across any major weakness in the internal controls prevailing in the Company.

(iv) There were no transactions entered with the parties listed in the Register maintained under Section 301 of the Companies Act, 1956 which are exceeding Rs. 5.00 Lacs in respect of each party during the year under review.

(v) The Company has not accepted any deposits from the public within the purview of the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.

(vi) In our opinion, the Company is not required to have a formal internal audit system during the year under review.

(vii) As explained to us, maintenance of cost records has not been prescribed by the Central Government for the Company under Section 209(1)(d) of the Companies Act,1956.

(viii) As per the records verified by us and as explained to us, the Company has been regular in depositing undisputed statutory dues involving Income-tax and Cess with the appropriate authorities and there were no arrears under the above heads which were due for more than six months from the date they became payable as at the close of the year. Keeping in view the present operations of the Company, statutes relating to Employees' State Insurance, Sales-tax, Wealth Tax, Custom Duty, Investor Education and Protection Fund and Excise Duty are not applicable to the Company during the year under review.
As explained to us, no dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty and Cess have been disputed and lying pending with the Company as at the close of the year under review.

(x) As per the accounts verified by us, the Company has no accumulated losses as at the end of the current financial year. Also no cash losses were incurred either in the current financial year or in the immediately preceding financial year.

(xi) As per the records verified by us, the Company has not defaulted in repayment of dues in respect of loans taken from banks. No amounts were borrowed by the Company from Financial Institutions or through Debentures.

(xii) As per the records verified by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) As explained to us, the provisions of special statutes applicable to Chit fund, Nidhi, Mutual Benefit Fund or Societies are not applicable to the Company during the year under review.

(xiv) In respect of Investments, proper records have been maintained by the Company for the transactions and timely entries have been made therein. The shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of the exemption, if any, granted under section 49 of the Companies Act,1956.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) There were no Term Loans obtained by the Company during the year.

(xvii) No funds were raised by the Company on short-term/long term basis.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any Debentures and hence no securities are required to be created in respect thereof.

(xx) No money has been raised by way of public issue by the Company during the year under review.

(xxi) As per the books examined by us and based on the explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Membership No. : 34171

Mumbai,
Dated : 25th April, 2005

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Reliance Capital Trustee Co. Limited

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	507,000		507,000	
(b) Reserves & Surplus	2	1,531,312		1,472,857	
Total			2,038,312		1,979,857
Application of Funds :					
Investments	3		1,842,176		1,987,921
Current Assets, Loans & Advances					
Cash and Bank balances	4	181,796		16,386	
Loans and Advances	5	77,676		665,544	
		259,472		681,930	
Less : Current liabilities & Provisions	6	63,336		695,994	
Net Current Assets			196,136		(14,064)
Miscellaneous Expenditure	7		-		6,000
(to the extent not written off or adjusted)					
TOTAL			2,038,312		1,979,857
Significant Accounting policies and Notes to Accounts	8				

For our attached report of even date

for **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor

Mumbai, 25th April, 2005

for and on behalf of the Board

Vinod M. Ambani
Director

Mumbai, 25th April, 2005

Dr. A. C. Shah
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
INCOME					
Trustee Fees		500,000		500,000	
(Tax Deducted at source 27,676,Previous year 27,675)					
Profit on sale of Investments		54,255		40,784	
Dividend		-		-	
Total - I			554,255		540,784
Expenditure					
Travelling and Conveyance Expenses		11,503		17,648	
Directors sitting fees		440,000		76,000	
Filing fees		2,775		4,625	
Professional Tax		2,500		2,500	
Auditors Remuneration		13,775		13,500	
Bank charges		136		35	
Preliminary Expenses written off		6,000		6,000	
Sundry Balance Written Off		640			
Total - II			477,329		120,308
Profit for the year before Taxation (I-II)			76,926		420,476
Less: Provision for Taxation - Current			19,000		142,073
Add: Income tax for earlier years.			529		-
Profit after Tax			58,455		278,403
Balance brought forward			1,472,857		1,194,454
Balance carried to Balance Sheet			1,531,312		1,472,857
Earnings Per Share (Basic / Diluted) (Rs.)			1.15		5.49
Significant Accounting policies and Notes on Accounts	8				

For our attached report of even date

for **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor

Mumbai, 25th April, 2005

for and on behalf of the Board

Vinod M. Ambani
Director

Mumbai, 25th April, 2005

Dr. A. C. Shah
Director

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SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
SCHEDULE "1"		
Share Capital		
Authorised		
10,00,000 Equity shares of Rs.10 each	**1,00,00,000**	1,00,00,000
Issued, subscribed and paid up		
50,700 Equity shares of Rs.10 each, fully paid up in cash (All the shares are held by the holding company Reliance Capital Limited and its nominees)	**507,000**	507,000
	507,000	507,000
SCHEDULE "2"		
Reserves & Surplus		
Profit and Loss Account:		
Surplus as per Annexed Account	**1,531,312**	1,472,857
	1,531,312	1,472,857
SCHEDULE "3"		
Investments		
At cost - Non Trade		
Units (unquoted)		
Reliance Income fund		
Growth plan - Growth Option		
123,272 (Previous Year 133024) units at Rs.10/- each fully paid up	**1,842,176**	1,987,921
	1,842,176	1,987,921
Market Value as at 31.03.2005	**2,600,669**	2,805,804
SCHEDULE "4"		
Cash & Bank Balances		
Cash in hand	**-**	-
Balance with a Scheduled Bank in Current Account	**181,796**	16,386
	181,796	16,386
SCHEDULE "5"		
Loans & Advances		
(Unsecured, considered good)		
Advances Recoverable in cash or in kind or for Value to be received		
Advance Tax and Tax Deducted at Source	**77,676**	665,544
	77,676	665,544
SCHEDULE "6"		
Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors for expenses	**44,336**	29,921
Provisions		
Provision for taxation	**19,000**	666,073
	63,336	695,994
SCHEDULE "7"		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary Expenses	**6,000**	12,000
Less:Written off during the year	**6,000**	6,000
	-	6,000

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NOTES ON ACCOUNTS

SCHEDULE "8"

Significant Accounting Policies and Notes on Accounts :

I. **Significant Accounting Policies :**

1. **Method of Accounting**

 The Company follows accrual system of accounting and recognises Income and Expenditure on accrual basis unless otherwise stated elsewhere.

2. **Basis of Accounting**

 The accounts are prepared as a going concern under historical cost convention in accordance with requirements of the Companies Act, 1956 and generally accepted accounting principles.

3. **Investments**

 Investments are treated as Current investments and are valued at cost or market value whichever is lower.

4. **Trusteeship remuneration**

 Trusteeship remuneration income is recognised on the basis of the Unit Capital of the Mutual Fund at the beginning of the year, subject to a maximum of Rs. 5.00 Lacs per annum.

5. **Miscellaneous Expenditure**

 Preliminary expenses are being amortised in equal instalments over a period of ten years.

II. **Notes On Accounts :**

1. Contingent liabilities –Nil (Previous year- Nil)
2. No provision has been made for gratuity payable since there were no employees in service of the Company at any time during the year.
3. No reporting as per the recommendations of the Accounting Standard-17 is required to be made since the Company has only one reportable segment.
4. Disclosure as per Accounting Standard – 18, Related Parties is as under :

(i) **List of Related Parties with whom transactions have taken place and nature of relationships:**

Sr. No.	Name of the Related Party	Relationship
1	Reliance Capital Limited	Holding Company
2	Reliance Mutual Fund	Associate
3	Reliance Capital Asset Management Ltd	Fellow Subsidiary
4	Reliance Life Insurance Company Ltd	Fellow Subsidiary
5	Reliance General Insurance Company Ltd	Fellow Subsidiary

(ii) **Transactions and Closing Balances with Related parties:**

Sr. No.	Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Total
A)	Subscription to	5,07,000	NIL	NIL	5,07,000
	Share Capital	(5,07,000)	(NIL)	(NIL)	(5,07,000)
B)	Investments Balance as	NIL	NIL	18,42,176	18,42,176
	on 31.03.2005	(NIL)	(NIL)	(19,87,921)	(19,87,921)
C)	Trustee Fees	NIL	NIL	5,00,000	5,00,000
		(NIL)	(NIL)	(5,00,000)	(5,00,000)

Figures in brackets represent previous year's figures.

5. Earnings Per Share are calculated as under:

Particulars	2004-2005	2003-2004
Profit after Taxation (Rs.)	58,455	2,78,403
Number of Equity Shares (Nos.)	50,700	50,700
Face value per Equity Share (Rs.)	10.00	10.00
Earnings per Share (Basic and Diluted) (Rs.)	01.15	05.49

6. As regards the requirements of the mandatory Accounting Standard –22 "Accounting for Taxes on Income," no provision is considered necessary in the accounts in respect of Deferred Taxation, since there was no deferred tax asset/liability during the year under review.
7. (i) No assets were impaired during the year within the meaning of Accounting Standard – 28 which has become mandatory w. e. f. 01st April 2004.
 (ii) Also, the Company has no Contingent Assets/Liabilities at any time during the year.
8. The Directors have ot been paid any remuneration during the year except sitting fees for attending the Board and Audit Committee meeting as follows : Sitting fees : Rs. 4,40,000 (Previous Year Rs.76,000)

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NOTES ON ACCOUNTS

9. In the opinion of management, current assets and loans and advances are realisable at the values represented in the financial statements in the normal course of business and adequate provision has been made for all known liabilities.
10. Amounts payable to Small Scale Industrial undertakings included under Current Liabilities, as per the information available with the Company and relied upon by the auditors – Nil (Previous year - Nil).
11. Other information pursuant to paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 is not applicable to the Company during the year under review.

12. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:

1. Registration Details

Registration No.	24826	State Code	04
Balance Sheet Date	31.03.2005		

II. Capital raised during the year (Amount in Rs. thousand)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousand)

Total Liabilities	2038	Total Assets	2038
Sources of Funds		**Applications of Funds**	
Paid up Capital	507	Net Fixed Assets	NIL
Reserves & Surplus	1531	Investments	1842
Secured Loans	NIL	Net Current Assets	196
Unsecured Loans	NIL	Miscellaneous Expenditure	NIL
		Accumulated Losses	NIL

IV. Performance of Company (Amount in Rs. thousand)

Turnover	554	Total Expenditure	477
Profit/ Loss Before Tax	77	Profit/ Loss After Tax	58
Earning Per Share (Rs.)	1.15	Dividend Rate %	NIL

V. Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

Not Applicable

13. The previous year's figures have been reworked, regrouped and reclassified wherever necessary

For our attached report of even date
for **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Mumbai, 25th April, 2005

for and on behalf of the Board

Vinod M. Ambani
Director
Mumbai, 25th April, 2005

Dr. A. C. Shah
Director

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Reliance Capital Trustee Co. Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2005

Particulars		Rs.	Rs.
A.	**Cash Flow from Operating Activities**		
	Net Profit before tax as per P&L Account		**76,926**
	Adjusted for		
	Preliminary expenses written off	6,000	
	Investments		
	Interest / Dividend Income	-	
	(Profit) / Loss on sale of Investment (Net)	(54,255)	(48,255)
	Operating Profit before Working Capital changes		**28,671**
	Adjusted for		
	Trade and Other Receivables	-	
	Trade Payables	14,415	14,415
	Cash generated from Operations		**43,086**
	Taxes Paid	(77,676)	
	Refund received	-	(77,676)
	Cash Flow before extraordinary items		**(34,590)**
	Extraordinary Items	-	-
	Net Cash from Operating Activities		**(34,590)**
B.	**Cash Flow from Investing Activities**		
	Purchase of Investments	-	
	Sale of Investments	200,000	
	Net Cash used in Investing Activities		**200,000**
C.	**Cash Flow from Financing Activities**		-
	Net increase in cash and cash Equivalents (A+B+C)		**165,410**
	Opening Balance of Cash and Cash Equivalents		**16,386**
	Closing Balance of Cash and Cash Equivalents		**181,796**

Corresponding previous years figures not disclosed in terms to modifications to Accounting Standard 3 made by The Institute of Chartered Accountants of India in September 2003.

For our attached report of even date
for **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Mumbai, 25th April, 2005

for and on behalf of the Board

Vinod M. Ambani
Director

Dr. A. C. Shah
Director

Mumbai, 25th April, 2005

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Reliance General Insurance Company Limited

DIRECTORS' REPORT

To the Members,

Your Directors present the Fifth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2005.

Financial results

(Rs. in thousands)

	2004-05	2003-04
Gross written premium	**1616796**	1610556
Insurance Profit	**1463**	3075
Investment Income on Shareholders fund	**90539**	105224
Profit Before Tax	**72104**	104797
Provision for Taxation	**14356**	14815
Provision for Deferred Tax	**(587)**	114
Profit after Tax	**58335**	89868

DIVIDEND

The Board of Directors do not recommend any dividend on equity shares for the financial year 2004-2005.

OPERATIONS

During the period, the Company has booked gross direct premium of Rs. 1616796 thousands as against Rs. 1610556 thousands in the previous year. The Income from investments for the year under review was 139787 thousands as against Rs.162291 thousands in the previous year. Net Profit after tax stood at Rs. 58335 thousands during the period under review as against Rs. 89868 thousands during the previous year.

FIXED DEPOSITS

The Company has not accepted any public deposit during the year.

DIRECTOR

Shri S. K. Kanwar, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

Shri Vijay Pawar, Principal Officer & Manager attained superannuation on 31st March, 2005.

Shri K. A. Somashekaran was appointed as the Principal Officer & Manager (Chief Executive Officer) of the Company w.e.f. 01.04.2005 at the Board Meeting held on 18th January, 2005.

CONSTITUTION OF AUDIT COMMITTEE

In compliance of the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted an Audit Committee of Directors comprising of Shri Sandeep Tandon, Shri S K Kanwar and Shri Atul Dayal.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Directors' Responsibility statement as required under Section 217(2AA) of the Companies Act, 1956, and the Insurance Regulatory and Development Authority Regulations, it is hereby confirmed that:

(i) in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards, principles and policies have been followed along with proper explanation relating to material departures, if any;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Insurance Act, 1938 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts for the financial year ended 31st March, 2005 on a 'going concern' basis;

(v) an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

AUDITORS AND AUDITORS' REPORT

M/s Rajendra & Co., Chartered Accountants and M/s Pathak H. D. & Associates, Chartered Accountants, Joint Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of Section 226 of the Companies Act, 1956, for such appointment.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any comments.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up to date, the name and other particulars of the employee is set out in the annexure to the Directors' report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are as follows:-

(1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

(2) Foreign exchange earnings and outgo:

Earnings	:	On Reinsurance	Rs.	1996	Thousands
		On Claims	Rs.	046	Thousands
		On Premium	Rs.	5751	Thousands
Outgo	:	On Reinsurance	Rs.	354208	Thousands
		On Claims	Rs.	5558	Thousands

ACKNOWLEDGEMENT

Your Directors wish to place on record their immense appreciation for the assistance and cooperation received from employees at all levels and from all statutory authorities.

For and on behalf of the Board

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Atul Dayal**

Mumbai
Dated: 12th April, 2005.

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DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH 2005, FORMING PART OF THE DIRECTORS' REPORT

Sr. No.	Particulars	Employee
1.	Name	Mr. Vijay Pawar
2.	Date of Joining	2-9-2000
3.	Age	58 years
4.	Designation	Principal officer & Manager
5.	Gross Remuneration (Rs.)	28,32,303
6.	Qualification	M.A ; LLB
7.	Experience	37 years
8.	Previous Employment	United India Insurance Company Limited
9.	Designation held	Asst. General Manager

1. Employment was contractual by notice on either side.
2. Shri Vijay Pawar attained superannuation on 31.03.2005.
3. Remuneration includes Salary, Bonus, perquisites, various allowances , contribution to Provident Fund and Supperannuation Fund and provision for gratuity and leave encashment.
4. The employee is not related to any Director of the Company.
5. Information about qualification and last employment is based on particulars furnished by the concerned employee.

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For and on behalf of the Board

Directors
Sandeep Tandon
S. K. Kanwar
Atul Dayal

Mumbai
Dated: 12th April, 2005.

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Reliance General Insurance Company Limited

MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH, 2005

1. We confirm that the validity of the registration granted by Insurance Regulatory & Development Authority has not expired.

2. We certify that all the dues payable to the statutory authorities have been duly paid.

3. We confirm that shareholding pattern is in accordance with the statutory and regulatory requirements;

4. We declare that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India;

5. We confirm that the required solvency margins have been maintained;

6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in the best of our belief, the assets set forth in the Balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings - " Investments", "Agents balances", "Income accrued on investments", "Balances due from other entities carrying on insurance business", "Other Advances", "Advances to Staff", "Deposits" and " Cash".

7. The overall risk exposure for the risks accepted by us is limited to Rs 5 Crores per risk and we certify that we have made adequate reinsurance arrangements to mitigate the loss arising out of any major claim.

8. We have no operations in any country outside India

9. The average claim settlement time in the year 2004-05 is 22 days (previous year 25 days).

10. We certify that the investments have been valued as per the Accounting Regulations of the IRDA and shown in the balance sheet. The market value of investments has been arrived at as per the guidelines given by the Insurance Regulatory and Development Authority based on quoted market price wherever available and based on the market yield for rated securities not quoted and at book value for securities which do not have rating. The average yield on investments after considering the profit on sale and amortisation of costs of investment is 6.69% (Previous Year 8.25%.)

11. Payments made to individuals, firms, companies and organisations in which Directors are interested.

Details	Nature of Payment	Amount (Rs. in thousands)
Individuals	Rent	1432
Companies	Professional Fees	210

For and on behalf of the Board

	Directors	**Sandeep Tandon** **S. K. Kanwar** **Atul Dayal**
Mumbai	Principal Officer	**K. A. Somasekharan**
Dated: 12th April, 2005.	Secretary	**Shrivallabh Goyal**

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Reliance General Insurance Company Limited

AUDITORS' REPORT

To,
The Members,
Reliance General Insurance Company Limited,

We have audited the attached Balance Sheet of Reliance General Insurance Company Limited as at 31st March 2005 and also the Revenue Accounts, Profit and Loss Account and Receipts and Payments Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our Audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them satisfactory;

b) The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account referred to in this report are in agreement with the books of accounts;

c) The actuarial valuation of claims outstanding towards incurred but not reported (IBNR) and incurred but not enough reported (IBNER) is duly certified by the appointed actuary;

d) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2005 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;

On the basis of our examination we certify that:

a) We have reviewed the Management Report attached hereto and there is no apparent mistake or material inconsistencies with the financial statements;

b) The Company has complied with the terms and conditions of the registration stipulated by the Insurance Regulatory and Development Authority;

c) We have verified the cash and bank balances and the investments of the company by actual inspection or by obtaining confirmation wherever necessary;

d) No part of the policy holders' funds has been directly or indirectly applied in contravention of the provisions of Insurance Act, 1938 relating to the application and investment of the policy holders' funds;

In our opinion:

a) Proper Books of Account as required by law, have been maintained by the company, so far as appears from our examination of the Books of the Company;

b) Investments have been valued in accordance with the provisions of the Insurance Regulatory and Development Act, 1999 and Regulations framed there under;

c) The accounting policies selected by the company are appropriate and the said policies, Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable and with accounting principles as prescribed in the relevant Regulations framed under the Insurance Regulatory and Development Act,1999;

We are further of the opinion that to the best of our information and according to the explanations given to us, the said Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act 1956, to the extent applicable, and in the manner so required and the financial statements read together with significant accounting policies and notes thereon present a true and fair view in conformity with the accounting principles generally accepted in India:

i) of the state of affairs of the company in so far as it relates to the Balance Sheet as at 31st March 2005, and,

ii) of the 'Profit' of the company in so far as it relates to Revenue Accounts, in case of Fire Revenue Account and 'Loss" of the company in the case of Marine Revenue Account and Miscellaneous Revenue Account for the financial year ended on that date,

iii) of the 'Profit' of the company, in so far as it relates to the Profit and Loss Account for the financial year ended on that date, and

iv) of the receipts and payments in so far as it relates to the Receipts and Payments Account of the company for the year ended on that date.

for **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner
Membership : 47166

for **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner
Membership : 30658

Mumbai
Dated: 12th April, 2005.

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Reliance General Insurance Company Limited

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rupees in thousand)

Particulars	Schedule	2004-2005	2003-2004
Premiums earned (Net)	1	16 25 20	9 00 24
Profit / (loss) on sale/redemption of Investments (Net)		21 05	28 51
Interest, Dividend & Rent – Gross		1 42 15	1 35 76
TOTAL (A)		17 88 40	10 64 51
Claims Incurred (Net)	2	7 84 76	5 97 11
Commission & Brokerage	3	(8 42 75)	(13 46 24)
Operating Expenses related to Insurance Business	4	11 12 14	11 39 13
TOTAL (B)		10 54 15	3 90 00
Operating Profit/(Loss) from Fire Business C = (A - B) transferred to Profit & Loss Account		7 34 25	6 74 51

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

Premiums earned (Net)	1	3 30 33	1 80 50
Profit / (loss) on sale/redemption of Investments (Net)		4 99	8 12
Interest, Dividend & Rent – Gross		33 68	38 65
TOTAL (A)		3 69 00	2 27 27
Claims Incurred (Net)	2	2 50 12	1 33 28
Commission & Brokerage	3	(83 85)	(1 49 72)
Operating Expenses related to Insurance Business	4	2 85 51	2 07 15
TOTAL (B)		4 51 78	1 90 71
Operating Profit/(Loss) from Marine Business C = (A - B) transferred to Profit & Loss Account		(82 78)	36 56

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

Premiums earned (Net)	1	28 47 28	15 51 47
Profit / (loss) on sale/redemption of Investments (Net)		37 49	62 41
Interest, Dividend & Rent – Gross		2 53 12	2 97 22
Exchange Gain		19 93	1
TOTAL (A)		31 57 82	19 11 11
Claims Incurred (Net)	2	28 01 19	16 43 89
Commission & Brokerage	3	(10 40 05)	(10 38 73)
Operating Expenses related to Insurance Business	4	20 33 53	19 86 27
TOTAL (B)		37 94 67	25 91 43
Operating Profit/(Loss) from Miscellaneous Business C = (A - B) transferred to Profit & Loss Account		(6 36 85)	(6 80 32)

Note : Investment income relating to share holders' average net worth is taken to Profit and Loss Account and the balance is allocated to respective Revenue Accounts on the basis of Gross Written Premium.

As required by Section 40C(2) of the Insurance Act,1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of fire, marine and miscellaneous insurance business have been fully debited in the Fire Insurance Revenue Account Marine Revenue Account and Miscellaneous Revenue Account respectively as expenses.

As per Report of even date attached.

For and on behalf of the Board

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

Mumbai
Dated: 12th April, 2005

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Atul Dayal**

Principal Officer & Manager **K.A. Somasekharan**
Secretary **Shrivallabh Goyal**

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Reliance General Insurance Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rupees in thousand)

Particulars	Schedule	2004-2005		2003-2004	
Operating Profit / (Loss) transferred from Revenue Account					
a. Fire Insurance		7 34 26		6 74 51	
b. Marine Insurance		(82 78)		36 56	
c. Miscellaneous Insurance		(6 36 85)		(6 80 32)	
			14 63		30 75
Income from Investments (relating to share holders' funds)					
Interest, Dividend & Rent - Gross		7 88 59		8 69 63	
Profit on sale/redemption of investments		1 42 26		1 98 71	
Less: Loss on sale of investments		25 46		16 10	
			9 05 39		10 52 24
Profit / (Loss) on Sale of Assets			(9 84)		1 31
Miscellaneous Income			1 48		1 14
Expneses other than those related to Insurance Business			(42 10)		-
TOTAL (A)			8 69 56		10 85 44
Provisions (Other than Taxation)					
For diminution in the value of investments			1 11 05		
Other Expenses					
Preliminary Expenses written off			37 47		37 47
TOTAL (B)			1 48 52		37 47
Profit Before Tax			7 21 04		10 47 97
Provision for Taxation					
Current Tax			1 43 56		1 48 15
Deferred Tax			(5 87)		1 14
Net Profit After Tax			5 83 35		8 98 68
Add: Balance brought forward from last year		30 57 23		21 58 31	
Add: Difference in valuation of investments relating to Previous year		-		1 35	
Less: Tax relating to Previous year		-		1 11	
			30 57 23		21 58 55
Balance carried forward to Balance Sheet			36 40 58		30 57 23
Basic and diluted earning per share of Rs 10 each (Rs.)			0.57		0.88

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

Mumbai
Dated: 12th April, 2005

For and on behalf of the Board

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Atul Dayal**

Principal Officer & Manager **K.A. Somasekharan**
Secretary **Shrivallabh Goyal**

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Reliance General Insurance Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2005

(Rupees in thousands)

	Schedule		As at 31.03.2005		As at 31.03.2004
SOURCES OF FUNDS					
Share Capital	5&5A		102 00 07		102 00 07
Reserves and Surplus	6		36 40 58		30 57 23
Deferred Tax			-		30
TOTAL			138 40 65		132 57 60
APPLICATION OF FUNDS					
Investments	7		172 82 89		182 10 60
Fixed Assets	8		2 83 28		2 36 23
Deferred Tax			5 58		
Current Assets					
Cash and Bank Balances	9	30 24 88		5 60 99	
Advances and Other Assets	10	16 28 90		27 09 12	
Sub-Total (A)		46 53 78		32 70 11	
Current Liabilities	11	48 72 40		65 44 88	
Provisions	12	35 12 48		19 51 93	
Sub-Total (B)		83 84 88		84 96 81	
Net Current Assets (C = A - B)			(37 31 10)		(52 26 70)
Miscellaneous Expenditure	13		-		37 47
(To the extent not written off or adjusted)					
TOTAL			138 40 65		132 57 60
Significant Accounting Policies	14				
Notes on Accounts	15				

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

Mumbai
Dated: 12th April, 2005

For and on behalf of the Board

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Atul Dayal**

Principal Officer & Manager — **K.A. Somasekharan**
Secretary — **Shrivallabh Goyal**

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Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2005

SCHEDULE -1

Premium Earned (Net)

(Rupees in thousand)

Particulars	Year	Premium from direct business written	Premium on reinsurance accepted	Premium on reinsurance ceded	Adjustment for unearned premium	Net Premium (3+4-5+6)	Adjustment for change in reserve for unexpired risks	Net Premium Earned (7-8)
1	2	3	4	5	6	7	8	9
Fire	**2004-05**	**53 57 90**	**3 83 93**	**43 20 59**	**4 21 89**	**18 43 13**	**2 17 93**	**16 25 20**
	2003-04	46 36 07	4 32 84	37 27 58	(3 06)	13 38 27	4 38 03	9 00 24
Marine Cargo	**2004-05**	**11 65 08**		**8 02 12**	**92 66**	**4 55 62**	**1 28 28**	**3 27 34**
	2003-04	11 85 78		9 46 49	(40 23)	1 99 06	20 96	1 78 10
Marine Hull	**2004-05**	**1 04 47**		**1 02 55**	**2 05**	**3 97**	**98**	**2 99**
	2003-04	1 34 16		1 29 54	(1 64)	2 98	58	2 40
Marine Total	**2004-05**	**12 69 55**		**9 04 67**	**94 71**	**4 59 59**	**1 29 26**	**3 30 33**
	2003-04	13 19 94		10 76 03	(41 87)	2 02 04	21 54	1 80 50
Motor	**2004-05**	**17 09 24**		**3 40 98**	**6 53 53**	**20 21 79**	**5 62 90**	**14 58 89**
	2003-04	14 34 13		2 86 84	(2 51 29)	8 96 00	3 23 83	5 72 17
Employer's Liability	**2004-05**	**96 04**		**18 96**	**20 89**	**97 97**	**25 94**	**72 03**
	2003-04	63 72		12 75	(4 89)	46 08	10 86	35 22
Public Liability	**2004-05**	**6 76 83**		**6 28 21**	**41 18**	**89 80**	**40 56**	**49 24**
	2003-04	11 22 15		11 07 26	(6 22)	8 67	(34 15)	42 82
Engineering	**2004-05**	**11 08 75**	**26 35**	**8 18 43**	**1 33 28**	**4 49 95**	**1 44 96**	**3 04 99**
	2003-04	13 19 16	(20 47)	10 80 29	(11 55)	2 06 85	(42 37)	2 49 22
Aviation	**2004-05**	**6 31 90**		**6 26 20**	**1 37**	**7 07**	**2 43**	**4 64**
	2003-04	6 53 28		6 49 84	(1 23)	2 21	(7 48)	9 69
Personal Accident	**2004-05**	**4 48 68**		**3 63 83**	**30 97**	**1 15 82**	**(5 61)**	**1 21 43**
	2003-04	4 24 66		3 52 09	54 46	1 27 03	(49 03)	1 76 06
Health	**2004-05**	**7 98 41**		**1 96 62**	**2 73 38**	**8 75 17**	**1 90 18**	**6 84 99**
	2003-04	7 79 29		1 80 64	(1 03 84)	4 94 81	1 31 13	3 63 68
Other Misc.	**2004-05**	**40 70 67**		**39 77 76**	**1 42 98**	**2 35 89**	**84 82**	**1 51 07**
	2003-04	43 53 16		41 22 79	(97 46)	1 32 91	30 30	1 02 61
Misc Total	**2004-05**	**95 40 52**	**26 35**	**69 70 99**	**12 97 58**	**38 93 46**	**10 46 18**	**28 47 28**
	2003-04	101 49 55	(20 47)	77 92 50	(4 22 02)	19 14 56	3 63 09	15 51 47

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Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2005

SCHEDULE -2

Claims Incurred (Net)

(Rupees in thousand)

Particulars	Year	Claims Paid from direct business written	Claims Paid on reinsurance accepted	Claims Recovered on reinsurance ceded	Net Claims Paid (3+4-5)	Outstanding Claims at the year end	Outstanding Claims at the year beginning	Net Claims Incurred (6+7-8)
1	2	3	4	5	6	7	8	9
Fire	**2004-05**	**26 70 40**	**10 37**	**21 70 36**	**5 10 41**	**6 87 60**	**4 13 25**	**7 84 76**
	2003-04	31 09 19	5 58	25 55 80	5 58 97	4 13 25	3 75 11	5 97 11
Marine Cargo	**2004-05**	**4 83 12**		**3 18 01**	**1 65 11**	**1 61 71**	**79 29**	**2 47 53**
	2003-04	4 27 87		2 82 14	1 45 73	79 29	71 26	1 53 76
Marine Hull	**2004-05**	**1 03 88**		**1 02 83**	**1 05**	**3 49**	**1 95**	**2 59**
	2003-04	2 70 43		2 68 51	1 92	1 95	24 36	(20 49)
Marine Total	**2004-05**	**5 87 00**		**4 20 84**	**1 66 16**	**1 65 20**	**81 24**	**2 50 12**
	2003-04	6 98 30		5 50 65	1 47 65	81 25	95 62	1 33 28
Motor	**2004-05**	**7 74 42**		**1 64 36**	**6 10 06**	**9 20 52**	**2 56 16**	**12 74 42**
	2003-04	5 38 30		1 07 72	4 30 58	2 56 16	67 42	6 19 32
Employer's Liability	**2004-05**	**22 04**		**4 42**	**17 62**	**27 37**	**2 61**	**42 38**
	2003-04	17 66		3 53	14 13	2 61	49	16 25
Public Liability	**2004-05**	**4 30**		**86**	**3 44**	**28 51**	**1 18**	**30 77**
	2003-04					1 18	5 17	(3 99)
Engineering	**2004-05**	**1 90 40**	**9**	**97 21**	**93 28**	**56 65**	**43 76**	**1 06 17**
	2003-04	4 36 97	7	3 66 48	70 56	43 76	36 45	77 87
Aviation	**2004-05**	**57 99**		**57 19**	**80**	**3 38**	**2 53**	**1 65**
	2003-04	2 12 77		2 08 97	3 80	2 53	9 36	(3 03)
Personal Accident	**2004-05**	**3 77 80**	**83 27**	**2 78 80**	**1 82 27**	**3 16 02**	**2 81 91**	**2 16 38**
	2003-04	2 75 71		1 38 80	1 36 91	2 81 91	4 76 78	(57 96)
Health	**2004-05**	**11 01 08**		**2 41 33**	**8 59 75**	**3 36 41**	**1 51 51**	**10 44 65**
	2003-04	10 09 07		2 02 68	8 06 39	1 51 51	49 92	9 07 98
Other Misc.	**2004-05**	**3 22 83**		**1 91 59**	**1 31 24**	**66 16**	**1 12 63**	**84 77**
	2003-04	1 26 17		91 60	34 57	1 12 63	59 75	87 45
Misc Total	**2004-05**	**28 50 86**	**83 36**	**10 35 76**	**18 98 46**	**17 55 02**	**8 52 29**	**28 01 19**
	2003-04	26 16 65	7	11 19 78	14 96 94	8 52 29	7 05 34	16 43 89

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SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2005

SCHEDULE -3

Commission (Net)

(Rupees in thousand)

Particulars	Year	Commission paid on direct business written	Brokerage paid on direct business	Commission paid on reinsurance accepted	Commission received from reinsurance ceded	Net Commission (3+4+5-6)
1	2	3	4	5	6	7
Fire	**2004-05**	**95 80**	**71 88**	**6 35**	**10 16 78**	**(8 42 75)**
	2003-04	98 47	38 20	1 32	14 84 23	(13 46 24)
Marine Cargo	**2004-05**	**45 73**	**39 88**		**1 39 48**	**(53 87)**
	2003-04	38 77	8 00		1 83 01	(1 36 24)
Marine Hull	**2004-05**				**29 98**	**(29 98)**
	2003-04				13 48	(13 48)
Marine Total	**2004-05**	**45 73**	**39 88**		**1 69 46**	**(83 85)**
	2003-04	38 77	8 00		1 96 49	(1 49 72)
Motor	**2004-05**	**1 14 78**	**31 57**		**73 19**	**73 16**
	2003-04	1 15 23	29 55		44 96	99 82
Employer's Liability	**2004-05**	**5 64**	**2 21**		**5 15**	**2 70**
	2003-04	1 37	1 51		2 35	53
Public Liability	**2004-05**	**1 81**			**89 81**	**(88 00)**
	2003-04	71	6 12		1 21 92	(1 15 08)
Engineering	**2004-05**	**12 62**	**15 81**		**2 78 95**	**(2 50 52)**
	2003-04	7 62	3 64		3 99 55	(3 88 29)
Aviation	**2004-05**				**36 68**	**(36 68)**
	2003-04		26		33 15	(32 89)
Personal Accident	**2004-05**	**12 33**	**43 15**		**1 08 73**	**(53 25)**
	2003-04	10 21	20 20		83 12	(52 71)
Health	**2004-05**	**23 26**	**38 02**		**54 96**	**6 32**
	2003-04	28 76	7 98		41 21	(4 47)
Other Misc.	**2004-05**	**47 24**	**10 52**		**7 51 54**	**(6 93 78)**
	2003-04	38 24	16 47		6 00 34	(5 45 63)
Misc Total	**2004-05**	**2 17 68**	**1 41 28**		**13 99 01**	**(10 40 05)**
	2003-04	2 02 14	85 73		13 26 60	(10 38 73)

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SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2005

(Rupees in thousand)

Particulars	2004-2005		2003-2004	
SCHEDULE-4				
Operating Expenses related to insurance business				
Employees' remuneration & welfare benefits		7 46 76		5 44 33
Companys contribution to Provident fund and others		46 07		54 55
Staff Welfare		25 99		36 16
Travel, conveyance and vehicle running expenses		1 05 17		1 03 43
Rents, rates & taxes		6 92 64		9 70 93
Repairs		49 39		80 44
Printing & Stationery		29 48		29 52
Communication expenses		5 20 35		5 83 02
Legal & professional charges		6 12 14		6 50 69
Directors' Sitting fees		60		-
Auditors remuneration				
a. Audit fees	6 00		6 48	
b. Tax Audit fees	1 00		1 08	
c. Certification Fees	1 00	8 00	1 08	864
Advertisement and Publicity		54 46		16 91
Interest and Bank Charges		5 20		4 48
Entertainment expenses		6 68		5 66
Office maintenance expenses		32 30		25 42
Office management expenses		3 19 94		74 89
Recruitment & Training expenses		29 25		21 10
Depreciation		1 04 50		67 42
Subscriptions and membership fees		28 38		11 38
Coinsurance Expenses (net)		27 04		31 96
Loss minimisation expenses		16 91		8 50
Miscellaneous expenses		12 02		3 13
TOTAL		34 73 27		33 32 56
Allocation:				
Fire Revenue Account		11 1214		11 39 13
Marine Revenue Account		2 85 51		2 07 15
Miscellaneous Revenue Account		20 33 53		19 86 27
Expenses not relating to Insurance Business taken in Profit & Loss Account		42 10		-
		34 73 28		33 32 55
Schedule-5				
Share Capital				
Authorised Share Capital				
20,00,00,000 Equity Shares of Rs10 each		200 00 00		200 00 00
Issued ,Subscribed and Paid-up Share Capital				
10,20,00,700 Equity Shares of Rs10 each fully paid		102 00 07		102 00 07

Schedule-5A	**As at 31.03.2005**		**As at 31.03.2004**	
Pattern of Share Holding (As cetified by the Management)				
Shareholder	**No. of Shares**	**% of Holding**	No. of Shares	% of Holding
Promoters- Indian	**2550 01 75**	**25%**	2550 01 75	25%
Holding company- Indian	**7650 05 25**	**75%**	7650 05 25	75%
Total	**10200 07 00**	**100%**	10200 07 00	100%

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Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2005

(Rupees in thousand)

Particulars		As at 31.03.2005		As at 31.03.2004	
SCHEDULE-6					
Reserves and Surplus					
Surplus in Profit and Loss Account			**36 40 58**		30 57 23
Total			**36 40 58**		30 57 23
SCHEDULE-7					
Investments					
Long Term Investments					
Government securities and Government guaranteed bonds including Treasury Bills		**96 70 06**		113 08 98	
Debentures/ Bonds		**27 11 01**		27 00 81	
Investments in Infrastructure and Social Sector		**28 83 67**		28 33 90	
Other than Approved Investments		**-**	**152 64 74**	10 25 65	178 69 34
Short Term Investments					
Debentures/ Bonds		**5 00 00**		-	
Investments in Infrastructure and Social Sector		**2 92 50**		-	
Other than Approved Investments		**10 25 65**		-	
Mutual Funds		**2 00 00**	**20 18 15**	3 41 25	3 41 25
Total			**172 82 89**		182 10 59

NOTES:

1. The market value of investments as at 31st March, 2005 is Rs 171 85 91 thousands (Previous year Rs 187 04 17 thousands)
2. Government securities includes Rs 5 96 80 thousands (previous year Rs 15 37 55 thousands) deposit under Section 7 of the Insurance Act, 1938.

SCHEDULE-8

Fixed Assets

(Rupees in thousand)

Description	Gross Block				Depreciation				Net Block	
	As at 1-4-04	Additions	Deductions	**As at 31.03.05**	Up to 1-4-04	For the year	Deductions	**Up to 31.03.05**	**As at 31.03.05**	As at 31.03.04
Furniture & Fittings	43 63	3 56	1 97	**45 23**	13 35	8 08	1 02	**20 41**	**24 81**	30 28
Information Technology Equipment	1 17 68	50 68	1 80	**1 66 56**	60 47	36 18	1 50	**95 16**	**71 40**	57 21
Intangible Asset (Computer Software)	-	1 25 00	-	**-**	1 25 00	26 26	-	**26 26**	**98 74**	-
Vehicles	1 86 40	9 54	87 20	**1 08 74**	80 05	26 50	48 61	**57 94**	**50 80**	1 06 35
Office Equipment	58 08	8 45	9 60	**56 93**	15 69	7 48	3 75	**19 42**	**37 52**	42 39
Total	4 05 79	1 97 22	1 00 57	**5 02 45**	1 69 56	1 04 50	54 88	**2 19 18**	**2 83 28**	2 36 23
Previous Year	2 72 27	1 46 06	12 52	**4 05 80**	1 08 82	67 42	6 66	**1 69 57**	**2 36 23**	-

(Rupees in thousand)

Particulars		As at 31.03.2005		As at 31.03.2004	
SCHEDULE-9					
Cash and Bank Balances					
Cash (including cheques, drafts and stamps on hand)			**3 72 51**		88 47
Bank Balances					
(a) Short Term Deposit Accounts		**21 77 22**		1 15 83	
(b) Current Accounts		**4 75 15**	**26 52 37**	3 56 69	4 72 52
Total			**30 24 88**		5 60 99

Note: Short Term Deposit includes Rs 1 77 22 thousands (Previous year 1 15 83 thousands) towards investment of Environmental Relief Fund payable.

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Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2005

(Rupees in thousand)

Particulars	As at 31.03.2005		As at 31.03.2004	
SCHEDULE-10				
Advances and Other Assets				
Advances				
Prepayments	21 87		21 25	
Advance tax paid and taxes deducted at source				
(net of provision for taxation)	12 56		3 12	
Rental Deposits	34 24		46 67	
Advances to Staff	8 53		15 83	
Other Advances	11 10	88 30	14 13	1 01 00
Other Assets				
Income accrued on investments	5 41 94		5 24 73	
Agents' Balances	21		34	
Due from other entities carrying on insurance business (including reinsurers)	9 97 04		20 51 24	
Service Tax Unutilised Credit	1 41		31 81	
		15 40 60		26 08 12
Tota		16 28 90		27 09 12
SCHEDULE-11				
Current Liabilities				
Agents' Balances		20 08		23 83
Balances due to other insurance companies		2 67 83		10 02 50
Premiums received in advance		66 59		1 52 52
Unallocated Premium		-		18 14 17
Unearned Commission		8 10 59		7 91 75
Sundry creditors		8 70 02		12 24 62
Claims Outstanding		26 07 83		13 46 78
Environmental Relief Fund Payable		1 84 07		1 34 09
Service Tax Liability		45 39		54 62
Total		48 72 40		65 44 88
SCHEDULE-12				
Provisions				
Reserve for Unexpired Risk		33 25 85		19 32 47
Provision for Leave Encashment		75 58		19 46
Provision for diminution in the value of Investments		1 11 05		-
Total		35 12 48		19 51 93
SCHEDULE-13				
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary Expenses not written off carried forward from last year		37 47		74 94
Less: Written off during the year		37 47		37 47
Total		NIL		37 47

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SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE- 14

Significant Accounting Policies forming part of the financial statements as at 31st March, 2005

1 Basis of preparation of financial statements

The balance sheet, profit and loss account and revenue accounts are drawn up in accordance with the Insurance Regulatory & Development Authority Act, 1999 and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and The Companies Act, 1956. Financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles and confirm to the statutory provisions in regard to general insurance operations in India.

2 Revenue Recognition

a) Premium

Premium is recognised as income over the contract period or the period of risk which ever is appropriate. Any subsequent revisions to or cancellations of premium are recognised for in the year in which they occur.

b) Commission

Commission income on reinsurance cessions including profit commission is recognised over the policy contract period.

c) Claims Incurred

i) Claims include all expenses directly incurred in relation to their assessment and are net of salvage realised.

ii) Claims reported and outstanding are provided net of claims recoverable from reinsurance based on intimations received up to the year end, survey reports, information provided by insured, past experience and other applicable laws.

iii) Claims outstanding include provision for claims incurred but not reported (IBNR) and also for claims incurred but not enough reported (IBNER) based on actuarial valuation.

d) Reinsurance

i) Reinsurance is ceded in the year in which the risk commences and recognized over the contract period.

ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurers.

3 Investments

a) Investments are carried at cost on weighted average basis.

b) Investment in debt securities including government securities is shown in the Balance sheet at cost less amortisation of premium paid over the maturity period based on constant yield method.

c) Provision for diminution in value of investments is made to the extent of which the market value of securities is lower than its redemption value assuming that the securities are held to maturity and the same is disclosed under provisions.

4 Fixed Assets

a) Fixed assets are stated at cost less accumulated depreciation.

b) Depreciation on Fixed Assets is provided on Written Down Value basis at the rates and the manner provided in Schedule XIV to the Companies Act, 1956. Assets purchased for value not exceeding Rs. 5000/- is written off during the year of purchase.

c) Intangible assets are stated at cost of acquisition less accumulated amortization. The same is amortized over a period of three years on straight line basis.

5 Impairment of assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been upward change in the estimate of recoverable amount.

6 Employee retirement benefits

a) Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account and Leave Encashment Benefit is charged to Profit and Loss Account on the basis of actuarial valuation.

b) The Company participates in the group gratuity scheme managed by the Life Insurance Corporation Of India and the premium paid towards the said policy to the extent of liability determined by the actuarial valuation is charged to the profit and loss account.

7 Reserve for unexpired risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to the provisions of requirements under Section 64V (1) (ii) (b) of the Insurance Act, 1938.

8 Foreign Currency Transaction

a) Transaction denominated in the foreign currency is recorded at the exchange rate prevailing at the time of transaction.

b) Any income or expenses on account of exchange difference either on settlement or on translation recognized in the revenue.

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NOTES ON ACCOUNTS

9 Expenses of Management

a) Expenses relating to insurance business are allocated on the basis of net premium written to the Revenue Accounts

b) Expenses relating to investment activities of shareholder's funds are charged to the Profit & Loss Account.

10 Miscellaneous Expenditure

Miscellaneous expenditure is amortised over a period of five years from the commencement of business.

11 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedule - 15

Notes forming part of the Accounts as at 31st March 2005.

1) Contingent Liabilities:
 a) Partly paid investments: Nil. (Previous year Nil)
 b) Underwriting commitments outstanding: Nil. (Previous year Nil)
 c) Claims, other than those under policies, not acknowledged as debts: Nil . (Previous year Nil)
 d) Guarantees given by or on behalf of the company: Nil. (Previous year Nil)
 e) Statutory demands/liabilities in dispute, not provided for: Nil. (Previous year Nil)
 f) Reinsurance obligations to the extent not provided for in accounts: Nil. (Previous year Nil)

2) There are no encumbrances to the assets of the company in and outside India.

3) There are no commitments made and outstanding for Loans and Investments.

4) Capital commitments on account of purchases made: Nil (Previous year Rs 1 25 75 thousands).

5) Out of 1717 Claims (previous year 1170 claims) reported and outstanding amounting to (Gross) Rs. 33 51 86 thousands (previous year Rs. 45 84 69 thousands), 275 Claims amounting to Rs 19 84 94 thousands (previous year 212 claims amounting to Rs. 6 30 21 thousands) are outstanding for more than six months.

6) Deferred tax Liabililty (Net) as at 31st March, 2005 comprises of the following.

		(Rs. in thousand)
a) Deferred Tax Asset	**2004-05**	2003-04
Related to Leave Encashment Provision	**25 44**	6 98
b) Deferred Tax Liability		
Related to Fixed Assets	**19 86**	7 28
c) Deferred Tax Asset / (Liability) (Net)	**5 58**	(30)

7) Value of contracts in relation to investments for:
 (i) Purchases where deliveries are pending - Nil
 (ii) Sales where payments are overdue - Nil.

8) The company had been providing for the Reserve for unexpired risk up to the financial year 2003-04 on the net earned premium at the percentages prescribed in Section 64V (1) (ii) (b) of the Insurance Act, 1938 in accordance with the directions issued to the company by the Insurance Regulatory and Development Authority vide its letter dated 17th April, 2001. In the current financial year the Insurance Regulatory and Development Authority, vide its letter dated reference no. 18/1/F&A/REL NL/13/April 05 11th April, 2005, has advised to provide for Reserve for unexpired risk on the amounts representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to the provisions of the Section 64V (1) (ii) (b) of the Insurance Act, 1938 and the provision has been made accordingly.

9) No provision for premium deficiency is considered necessary on Revenue Account basis based on actuarial valuation.

10) The company has under written during the year rural insurance premium of Rs 8 21 33 thousands (previous year Rs 9 17 20 thousands) representing 5.08% of Gross Direct Premium (previous year 5.69%) and under the social sector, the company has underwritten insurance covers to 28,698 lives generating a premium of Rs 40 94 thousands (previous year 14000 lives generating a premium of Rs 1170 thousands).

11) Managerial remuneration:

		(Rs in Thousands)
	2004-05	2003-04
a) Salaries	**21 60**	17 58
b) Perquisites	**2 25**	1 96
c) Contribution to Provident Fund and Super annuation	**1 31**	1 29
d) Provision for Gratuity and Leave Encashment	**3 16**	34
Total	**28 32**	21 17

Computation of net profit in accordance with Section 198 read with Section 309(5) of The Companies Act, 1956 has not been given since no commission is paid.

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NOTES ON ACCOUNTS

12) There are no Claims settled and remaining unpaid for a period of more than six months as on the balance sheet date.

13) Previous year figures have been reworked, rearranged and/or regrouped wherever necessary.

14) As per the requirement of Accounting Standard "AS 18" issued by the Institute of Chartered Accountants of India following are the list of related parties with the relationship.

Name of the related party	Nature of relationship
Parties where control exists	
Reliance Capital Limited	Holding company
Reliance Capital Asset Management Limited	Fellow subsidiary
Reliance Capital Trustee Co. Limited	Fellow subsidiary
Reliance Life Insurance Company Limited	Fellow subsidiary
Associates	
Reliance Industries Limited	Associate
Key Management personnel and their relatives	
Vijay Pawar	Manager and Principal Officer

Related party transactions:

(Excluding reimbursements) (Rupees in thousands)

S No.	Nature of Transaction	Holding company	Fellow Subsidiary	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
A	**Investments**						
	Purchased during the year	**10 00 00**		**127 84 98**			**137 84 98**
		(10 25 65)		(Nil)			(10 25 65)
	Sold during the year	**Nil**		**19 47 31**			**19 47 31**
		(10 00 00)		(Nil)			(10 00 00)
B	**Advances**						
	Advance to staff				**-4 89**		**-4 89**
					(4 89)		(4 89)
C	**Current Liabilities**						
	Sundry Creditors		**20 38**	**1 24 22**			**1 44 60**
			(15 16)	(101 71)			(1 16 87)
D	**Premium Received (Direct business)**	**16**	**12 25**	**61 20 10**			**61 32 51**
		(15)	(12 99)	(63 32 04)			(63 45 18)
E	**Claims Paid (Direct business)**		**1 44**	**2 39 01**			**2 40 45**
			(1 02)	(7 69 59)			(7 70 61)
F	**Other Income**						
	Interest Received	**Nil**		**Nil**			**Nil**
		(1 05 45)		(Nil)			(1 05 45)
G	**Expenditure**						
	Rent	**Nil**		**4 82 48**		**Nil**	**4 82 48**
		(Nil)		(2 55 95)		(Nil)	(2 55 95)
	Professional Charges			**4 87 69**			**4 87 69**
				(2 50 00)			(2 50 00)
	Communication Charges			**4 78 19**			**4 78 19**
				(Nil)			(Nil)
	Employee Remuneration				**28 32**		**28 32**
					(21 17)		(21 17)

Note: Previous year figures are given in brackets.

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Reliance General Insurance Company Limited

NOTES ON ACCOUNTS

15) Segment Information for the year ended on 31st March, 2005

a) Revenue and expenses have been identified to a segment on the basis of relation ship to the operating activities of the segment. Revenue and expenses, which relate to enterprise as a whole and are not allocable to a segment on reasonable basis, have been disclosed as "Unallocable".

b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as " Unallocable".

(Rupees in thousand)

Particulars	Fire	Marine Cargo	Marine Hull	Motor	Employer Liability	Public Liability	Engineering	Aviation	Personal Accident	Health	Other Misc	Total Enterprise
Segment Revenues												
Premium	**16 25 20** (9 00 24)	**3 27 34** (1 78 10)	**2 99** (2 40)	**14 58 89** (5 72 17)	**72 03** (35 22)	**49 24** (42 82)	**3 04 99** (2 49 22)	**4 64** (9 69)	**1 21 43** (1 76 06)	**6 84 99** (3 63 68)	**1 51 07** (1 02 61)	**48 02 81** (26 32 21)
Commission	**8 42 75** (13 46 24)	**53 87** (1 36 24)	**29 98** (13 48)	**- 73 16** (- 99 82)	**- 2 70** (- 53)	**88 00** (1 15 09)	**2 50 52** (3 88 29)	**36 68** (32 89)	**53 25** (52 71)	**- 6 32** (4 47)	**6 93 78** (5 45 63)	**19 66 65** (25 34 69)
Investment income	**1 63 21** (1 64 27)	**35 49** (42 02)	**3 18** (4 75)	**52 06** (50 82)	**2 93** (2 25)	**20 62** (39 76)	**33 77** (46 74)	**19 25** (23 15)	**13 67** (15 05)	**24 32** (27 62)	**1 24 00** (1 54 24)	**4 92 50** (5 70 67)
Exchange Gain											**1993** (1)	**(19 93)** (1)
Total	**26 31 16** (24 10 75)	**4 16 70** (3 56 36)	**36 15** (20 63)	**14 37 79** (5 23 17)	**72 26** (36 94)	**1 57 86** (1 97 67)	**5 89 28** (6 84 25)	**60 57** (65 73)	**1 88 35** (2 43 82)	**7 02 99** (3 95 77)	**9 88 78** (8 02 49)	**72 81 89** (57 37 58)
Segment Expenses												
Claims	**7 84 76** (5 97 11)	**2 47 53** (1 53 77)	**2 59** (- 20 49)	**12 74 42** (6 19 32)	**42 38** (16 25)	**30 77** (- 3 99)	**1 06 17** (77 87)	**1 64** (- 3 03)	**2 16 38** (- 57 96)	**10 44 65** (9 07 98)	**84 77** (87 45)	**38 36 06** (23 74 28)
Management Expenses	**11 12 14** (11 39 13)	**2 84 01** (2 03 22)	**1 50** (3 93)	**10 70 97** (9 74 55)	**60 32** (43 32)	**38 05** (12 65)	**2 47 80** (1 85 51)	(2 92)	(61 62)	(5 08 65)	(1 97 05)	(33 32 55)
Total	**18 96 90** (17 36 24)	**5 31 54** (3 56 99)	**4 09** (- 16 56)	**23 45 39** (15 93 87)	**1 02 70** (59 57)	**68 82** (8 66)	**3 53 97** (2 63 38)	(- 11)	(3 66)	(14 16 63)	(2 84 50)	(57 06 83)
Net loss	**7 34 26** (6 74 51)	**- 1 14 84** (- 63)	**32 06** (37 19)	**- 9 07 60** (-10 70 70)	**- 24 34** (- 22 63)	**89 04** (1 89 01)	**2 35 31** (4 20 87)	(65 84)	**- 92 43** (2 40 16)	(-10 20 86)	(5 17 99)	(30 75)
Unallocated items Investment income												**9 05 39** (10 52 24)
Other income												**- 8 36** (2 45)
Expenses												**1 90 62** (37 47)
Net Profit before tax												**7 21 04** (10 47 97)
Income tax												**1 37 69** (1 49 29)
Net profit after tax												**5 83 35** (8 98 68)
Assets Segment Assets												**Nil** (Nil)
Unallocated Assets												**222 25 53**
Total												**222 25 53** (217 22 60)
Liabilities												
Segment Liabilities	**14 69 84** (20 42 66)	**2 79 81** (3 17 35)	**5 97** (17 88)	**13 57 90** (13 93 65)	**63 98** (47 84)	**50 90** (1 13 72)	**2 52 15** (3 89 61)	**6 53** (8 66)	**2 17 91** (4 09 42)	**7 52 58** (6 88 80)	**2 11 28** (4 55 58)	**46 68 85** (58 85 17)
Unallocated Liabilities												**175 56 68** (158 37 43)
Total												**222 25 53** (217 22 60)

Note: Previous year figures are given in brackets.

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NOTES ON ACCOUNTS

16) Summary of Financial Statements: (Rupees in thousand)

Sl. No.	Particulars	2004-05	2003-04	2002-03	2001-02
	OPERATING RESULTS				
1	Gross Premium Written	1616797	1610556	1856779	774629
2	Net Premium Income	619618	392182	290259	60065
3	Income From Investment	49248	57067	85153	9571
4	Other Income	1993	1	1904	
5	Total Income	**670859**	**449250**	**377316**	**69636**
6	Commission	-221969	-266662	-286176	-81436
7	Brokerage	25304	13193	-	-
8	Operating Exps.	343117	333255	266848	145138
9	Claims, Increase In Unexpired Risk Reserve & Other Outgoes	522944	366389	388784	64014
10	Operating Profit/Loss	**1463**	**3075**	**7860**	**-58080**
	NON OPERATING RESULTS				
11	Total Income under Shareholders account	70641	105469	149462	135649
12	Profit / (Loss) before Tax	**72104**	**104797**	**153575**	**73822**
13	Provision for tax	14356	14929	10106	6070
14	Profit / (Loss) after Tax	**58335**	**89868**	**143469**	**67752**
	MISCELLANEOUS				
15	**Policy holder's Account :**				
	Total Funds	344224	499077	586562	414312
	Total Investement	344224	499077	586562	414312
	Yield on Investment	6.69%	8.25%	12.84%	12.94%
16	**Share holders Account :**				
	Total Funds	1384065	1321983	1228343	1082297
	Total Investment	1384065	1321983	1228343	1082297
	Yield on Investment	6.69%	8.25%	12.84%	12.94%
17	Paid up Equity Capital	1020007	1020007	1020007	1020007
18	Net Worth	1384065	1321983	1228343	1082297
19	Total Assets	2221995	2168513	2149904	1675188
20	Yield on total investment	6.69%	8.25%	12.84%	12.94%
21	Earning Per Share	0.57	0.88	1.41	0.66
22	Book Value Per Share	13.57	12.96	12.04	10.61
23	Total Dividend	-	-	-	-
24	Dividend Per Share	-	-	-	-

17) **Financial Ratios:**

Particulars	Gross premium Growth Rate (Gross premium for the current year divided by the gross premium for the previous year)	Net Retention Ratio (Net premium divided by gross premium)	Net Commision Ratio (Commission net of reinsurance for class of business divided by net premium)	Underwriting Balance Ratio (Underwriting profit by net premium for the respective class of business)
Fire	**15.57%** (-16.35%)	**34.40%** (28.93%)	**45.72%** (73.34%)	**45.18%** (44.70%)
Marine Cargo	**-1.75%** (42.16%)	**39.11%** (20.18%)	**11.82%** (55.89%)	**-35.08%** (-0.0026)
Marine Hull	**-22.13%** (133.46%)	**3.80%** (3.45%)	**755.16%** (4.8192)	**1072.24%** (8.0453)
Motor	**19.18%** (89.94%)	**118.29%** (80.00%)	**-3.62%** (-6.4%)	**-62.21%** (-93.3%)
Employer Liability	**50.71%** (50.75%)	**102.01%** (80.00%)	**-2.76%** (0.0017)	**-42.26%** (-44.4%)
Public Liability	**-39.68%** (-9.87%)	**13.27%** (0.0133)	**98.00%** (701.63%)	**180.83%** (1269.09%)
Engineering	**-15.95%** (-15.66%)	**40.58%** (16.56%)	**55.68%** (150.48%)	**77.15%** (192.71%)
Aviation	**-3.27%** (53.87%)	**1.12%** (0.53%)	**518.81%** (988.09%)	**1174.14%** (1916.33%)
Personal Accident	**5.66%** (53.33%)	**25.81%** (17.09%)	**45.98%** (103.63%)	**-78.01%** (3.3094)
Health	**2.45%** (55.49%)	**109.61%** (76.82%)	**-0.72%** (1.54%)	**-118.63%** (-1.7053)
Other Miscellaneous	**-6.49%** (-40.57%)	**5.79%** (5.29%)	**294.11%** (142.70%)	**549.22%** (257.40%)
Total	**0.39%** (-13.26%)	**38.32%** (24.35%)	**-31.74%** (49.64%)	**0.30%** (0.78%)

Note: Previous year's figures are given in brackets.

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NOTES ON ACCOUNTS

Other Ratios	Basis	Current year	Previous year
Gross Premium To Shareholder's Fund Ratio	Gross premium for the current year divided by paid up capital plus free reserves	**1.19%**	1.22%
Growth Rate of Shareholder's Fund	Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date.	**4.40%**	7.62%
Expenses of Management to Gross Premium	Expenses of management divided by the total gross direct premium	**21.22%**	20.69%
Combined Ratio	Claims paid plus expenses divided by gross premium	**59.00%**	60.58%
Technical Reserves to net premium ratio	Reserve for un-expired risks plus unearned premium reserve plus reserve for outstanding claims divided by net premium	**123.55%**	129.87%
Operating profit ratio	Underwriting profit plus investment income of policy holders funds divided by net premium	**0.30%**	0.50%
Liquid Assets to Liabilities ratio	Investments less IRDA deposit plus cash and bank balances divided by policy holder liabilities	**3.29**	2.14%
Net earnings ratio	Profit after tax divided by net premium	**12.15%**	22.91%
Return on Net Worth ratio	Profit after tax divided by net worth	**4.31%**	6.80%
Reinsurance Ratio	Risk reinsured divided by gross premium	**75.43%**	78.21%

18) Earnings per share information:
 i) Net profit after tax available for equity shareholder is Rs 5 83 35 thousands (previous year Rs. 8 98 68 thousands).
 ii) Weighted average number of equity shares outstanding during the year is 10,20,00,700.
 iii) Basic and Diluted Earning Per Share Rs 0.57 (previous year Rs. 0.88)

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Reliance General Insurance Company Limited

NOTES ON ACCOUNTS

19) Balance sheet Abstract of Company's General Business Profile:

Registration Details

Registration No.			1	2	8	3	0	0	State Code	1	1
Balance Sheet Date:	3	1	0	3	2	0	0	5			

Capital raised during the year (Amount in Rs. thousand)

Public issue						N	I	L	Right Issue						N	I	L
Bonus issue						N	I	L	Private Placement						N	I	L

Position of Mobilisation and Development of funds (Amount in Rs. thousand)

Total Liabilities		1	3	8	4	0	6	5	Total Assets		1	3	8	4	0	6	5	
Sources of funds									**Application of Funds**									
Paid-up Capital		1	0	2	0	0	0	7	Net Fixed Assets				2	8	3	2	8	
Reserves & Surplus			3	6	4	0	5	8	Investments		1	7	2	8	2	8	9	
Secured Loans									Net Current Assets		-	3	7	3	1	1	0	
Unsecured Loans									Deferred Tax						5	5	8	
									Misce. Expenditure									

Performance of Company: (Amount in Rs. thousand)

Turnover		1	6	5	7	8	2	5	Total Expenditure		1	5	8	5	7	2	1	
Profit Before Tax				7	2	1	0	4	Profit After Tax				5	8	3	3	5	
Earning Per Share (Rs.)					0	.	5	7	Dividend Rate								0	

Generic Names of Threee Principal Products / Services of the Company (as per monetary terms)

Item Code No. NOT APPLICABLE

Product Description GENERAL INSURANCE

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

Mumbai
Dated: 12th April, 2005

For and on behalf of the Board

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Atul Dayal**

Principal Officer & Manager **K.A. Somasekharan**
Secretary **Shrivallabh Goyal**

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Reliance General Insurance Company Limited

RECEIPTS AND PAYMENT ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rupees in thousand)

Particulars	2004-2005		2003-2004	
Cash and cash equivalents at the beginning of year		4 45 16		9 79 94
Cash flows from operating activities				
Direct Premiums received	161 72 18		158 82 75	
Reinsurance Accounts (Net)	-54 25 55		-83 52 29	
DirectClaims Paid	-61 08 26		-64 24 14	
Direct Commission / Brokerage Payments	-6 15 89		-4 59 80	
Expenses of Management	-33 13 28		-26 19 11	
Advances, Deposits,Staff loans given	7 30		- 9 71	
Income tax paid	-1 52 00		-1 50 69	
Wealthtax paid	- 1 00		- 81	
Other Receipts/payments	-3 07 97		11 01	
Net Flow		2 55 53		-21 22 79
Cash flows from investing activities				
Purchase of investments	-205 56 90		-638 21 43	
Sale of investments	213 19 79		637 63 72	
Purchase of fixed Assets	-1 97 23		-1 46 06	
Sale of Fixed Assets	35 84		7 16	
Interest, Dividends received	15 45 50		17 84 62	
Net Flow		21 47 00		15 88 01
Cash flows from financing activities		Nil		Nil
Cash and cash equivalents at the end of year		28 47 69		4 45 16

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

Mumbai
Dated: 12th April, 2005

For and on behalf of the Board

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Atul Dayal**

Principal Officer & Manager: **K.A. Somasekharan**
Secretary: **Shrivallabh Goyal**

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Reliance Life Insurance Company Limited

DIRECTORS' REPORT

To the Members,

Your Directors present the Fifth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

Operations

The operation of the business has not commenced during the year since the company is waiting for the completion of infrastructure development by the Reliance group. The Company has therefore sought extension of time for getting the final registration with Insurance Regulatory and Development Authority.

Since the operation of business has not commenced, Revenue Account, Profit and Loss Account for the year was not prepared. Your Directors have not recommended any dividend on equity shares for the year under review.

Fixed Deposits

The Company has not accepted any public deposit during the year.

Directors

Shri S. K. Kanwar, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

Directors' Responsibility Statement

Pursuant to the Directors' Responsibility statement as required under Section 217(2AA) of the Companies Act, 1956, and the Insurance Regulatory and Development Authority regulations, it is hereby confirmed that:

(i) in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards, principles and policies have been followed along with proper explanation relating to material departures, if any;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Insurance Act, 1938 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts for the financial year ended 31st March, 2005 on a 'going concern' basis;

(v) an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

Auditors and Auditors' Report

M/s Rajendra & Co., Chartered Accountants and M/s Pathak H. D. & Associates, Chartered Accountants, Joint Statutory Auditors hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub-section (3) of Section 226 of the Companies Act, 1956 for such appointment.

The notes to the accounts referred to in the Auditors' report are self-explanatory and, therefore do not call for any comments.

Personnel

No employee is receiving remuneration beyond the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished in this report under Section 217(1) (e) of the Companies Act, 1956, relating to conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. There was no foreign exchange earnings or outgo during the year.

Acknowledgement

Your Directors wish to place on record their immense appreciation for the assistance and cooperation received from various statutory authorities.

For and on behalf of the Board

Directors: **Sandeep Tandon**, **S. K. Kanwar**, **Sandeep Junnarkar**

Secretary: **V. Saravanan**

Mumbai
Dated: 12th April, 2005.

MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH 2005

1) We confirm that we have applied for the registration with the Insurance Regulatory & Development Authority and the same is pending;

2) We certify that all the dues payable to the statutory authorities have been duly paid before the due dates;

3) We confirm that the shareholding pattern and the transfer of shares during the year are in accordance with the statutory and regulatory requirements;

4) We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in the best of our belief, the assets set forth in the Balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings -" Other Advances", "Advances to Staff", "Deposits" and "Cash".

5) We have no operations in any country outside India.

For and on behalf of the Board

Directors: **Sandeep Tandon**, **S. K. Kanwar**, **Sandeep Junnarkar**

Secretary: **V. Saravanan**

Mumbai
Dated: 12th April, 2005.

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AUDITORS' REPORT

To,

The Members,

Reliance Life Insurance Company Limited,

We have audited the attached Balance Sheet of Reliance Life Insurance Company Limited as at 31st March 2005 and also Receipts and Payments Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our Audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them satisfactory;

b) The company has not commenced its operations and hence the Revenue account and Profit and Loss Account were not prepared for the year;

c) The Balance Sheet and Receipts and Payments Account referred to in this report are in agreement with the books of accounts;

d) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2005 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956

On the basis of our examination we certify that:

a) We have reviewed the Management Report attached hereto and there is no apparent mistake or material inconsistencies with the financial statements;

b) The company has not yet obtained the final registration from the Insurance Regulatory and Development Authority

c) We have verified the cash and bank balances of the company by actual inspection or by obtaining confirmation wherever necessary;

In our opinion:

a) Proper Books of Account as required by law, have been maintained by the company, so far as appears from our examination of the Books of the Company;

b) The accounting policies selected by the company are appropriate and the said policies, Balance Sheet and Receipts and Payments Account are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable and with accounting principles as prescribed in the relevant Regulations framed under the Insurance Regulatory and Development Act,1999;

We are further of the opinion that to the best of our information and according to the explanations given to us, the said Balance Sheet and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act 1956, to the extent applicable, and in the manner so required and the financial statements read together with significant accounting policies and notes thereon present a true and fair view in conformity with the accounting principles generally accepted in India:

i) of the state of affairs of the company in so far as it relates to the Balance Sheet as at 31st March 2005, and,

ii) of the receipts and payments in so far as it relates to the Receipts and Payments Account of the company for the year ended on that date.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner
Membership No.: 47166

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner
Membership No.: 30658

Mumbai
Dated : 12th April, 2005

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Reliance Life Insurance Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2005

(Rupees in thousand)

	Schedule No.	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		2 00 07		2 00 07
Borrowings (unsecured)					
From Holding Company			2 00 07		2 00 07
TOTAL			4 00 14		4 00 14
APPLICATION OF FUNDS					
Fixed Assets	2				
Gross Block		13 24		16 09	
Less: Depreciation		3 94		3 25	
Net Block			9 30		12 84
Current Assets					
Cash and Bank Balances	3	1 03		1 63	
Advances and other Assets	4	39 27		39 37	
Subtotal		40 30		40 99	
Current Liabilities	5	9 22		10 87	
Net Current Assets			31 08		30 12
Miscellaneous Expenditure (to the extent not written off or adjusted)	6		3 59 76		3 57 17
TOTAL			4 00 14		4 00 14
Significant Acounting policies	7				
Notes forming part of Accounts	8				

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

For and on behalf of the Board

Directors { **Sandeep Tandon**, **S. K. Kanwar**, **Sandeep Junnarkar**

Secretary **V. Saravanan**

Mumbai
Dated: 12th April, 2005

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SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2005

(Rupees in thousand)

	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
SCHEDULE - 1				
Share Capital				
Authorised Capital				
20,00,00,000 Equity Shares of Rs10 Each		**200 00 00**		200 00 00
Issued, subscribed and paidup Capital				
20,00,700 Equity Shares of Rs10 Each fuly-paid		**2 00 07**		2 00 07

	As at 31st March, 2005		As at 31st March, 2004	
SCHEDULE - 1A				
PATTERN OF SHAREHOLDING				
(As certified by the Management)	**No. of Shares**	**% of holding**	No.of Shares	% of holding
Promotor— Indian	**5 00 175**	**25%**	5 00 175	25%
Holding company- Indian	**15 00 525**	**75%**	15 00 525	75%
	20 00 700	**100%**	20 00 700	100%

SCHEDULE - 2

Fixed Assets

(Rupees in thousand)

Description	Gross Block				Depreciation				Net Block	
	As at 1-4-04	Additions	Deductions	As at 31-3-05	Up to 1-4-04	For the year	Deductions	Up to 31.3.05	As at 31.3.2005	As at 31.3.2004
Furniture & Fittings	46		11	**35**	23	2	3	**23**	**13**	22
Information Technology Equipment	5			**5**	2	1		**3**	**2**	3
Vehicles	10 57	1 41	4 07	**7 91**	1 88	86	27	**2 47**	**5 44**	8 69
Office Equipment	5 01	31	38	**4 94**	1 12	21	11	**1 22**	**3 70**	3 88
Total	16 09	1 71	4 56	**13 24**	3 25	1 10	41	**3 95**	**9 31**	12 84
Previous year	22 87	4 10	10 89	**16 09**	4 47	1 16	2 38	**3 25**	**12 84**	-

(Rupees in thousand)

	As at 31st March, 2005	As at 31st March, 2004		
SCHEDULE -3				
CASH AND BANK BALANCES				
Cash (including cheques, drafts and stamps)	1	-		
Bank Balances				
In Current Accounts	**1 02**	1 63		
	1 03	1 63		
SCHEDULE -4				
ADVANCES AND OTHER ASSETS				
Advances				
Rental and Telephone Deposits	**48**	48		
Advances to Staff	**2 84**	15		
Other Advances	**35 96**	38 74		
	39 28	39 36		
SCHEDULE -5				
CURRENT LIABILITIES				
Sundry creditors	**9 22**	10 87		
	9 22	10 87		
SCHEDULE -6				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Company incorporation expenses	**1 41 10**	1 41 10		
Pre-operative Expenses				
Balance carried forward from last year	2 16 08	2 11 75		
Pre-operative Expenses during the year	2 58	**2 18 66**	4 32	2 16 07
Total	**3 59 76**	**3 57 17**		

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NOTES ON ACCOUNTS

SCHEDULE - 7

Significant accounting policies forming part of financial statements for the period ending 31st March, 2005

1. **Basis of preparation of financial statements**

 The balance sheet is drawn up in accordance with the Insurance Regulatory & Development Authority Regulations read with relevant provisions of Insurance Act, 1938 and Companies Act, 1956. Financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles, and conform to the statutory provisions in regard to Life Insurance operations in India

2. **Fixed Assets**

 2.1. Fixed assets are stated at cost less accumulated depreciation.

 2.2. Depreciation on fixed assets is provided on Straight Line Method at the rates and the manner provided in Schedule XIV of the Companies Act 1956. Assets purchased for value up to Rs. 5000/- is written off during the year of purchase.

3. **Miscellaneous expenditure**

 Miscellaneous expenditure includes preliminary expenses and pre-operative expenses for amortisation over a period of five years after the commencement of business.

SCHEDULE - 8

Notes forming part of financial statements for the period ending 31st March, 2005

1) The company has applied for registration with the Insurance Regulatory & Development Authority and the same is pending.

2) Since the business of the company has not commenced, Revenue Account and Profit & Loss Account for the year are not prepared, and expenditure incurred during the period, as detailed under, are treated as 'pre-operative expenses' and carried to the Balance Sheet.

(Rupees in thousand)

Particulars	For the year ended 31-3-2005	For the year ended 31-3-2004
Audit Fees	11	11
Miscellaneous	137	3 05
Depreciation	110	1 16
Total	**2 58**	**4 32**

3) There are no commitments made and outstanding for Loans, Investments and Fixed Assets.

4) Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave Encashment Benefit are charged to Profit and Loss Account on the basis of actuarial valuation.

5) As per the requirement of Accounting Standard "AS 18" issued by the Institute of Chartered Accountants of India the following are the list of related parties with the relationship.

Name of the related party	Nature of relationship	Name of the related party	Nature of relationship
Where Control Exists		**Key Management personnel and their relatives**	
Reliance Capital Limited	Holding company	Sandeep Tandon	Director
Reliance Capital Asset Management Limited	Fellow subsidiary	S.K Kanwar	Director
Reliance Capital Trustee Co. Limited	Fellow subsidiary	Sandeep Junnarkar	Director
Reliance General Insurance Company Limited	Fellow subsidiary		
Associates			
Reliance Industries Limited	Associate		

Related party disclosure:

(Rupees in thousand)

Nature of Transaction	Holding company	Fellow Subsidiary	Associates	Key Managerial Personnel	Others	Total
Unsecured Loans						
Balance as on	2 00 07					2 00 07
31st March,2004	(2 00 07)					(2 00 07)
Sundry Debtors	**20 21**					**20 21**
	(15 07)					(15 07)

Note: Previous years figures are given in brackets.

6) As there are no operations no segment reporting has been done as per 'AS 17' of the Institute of Chartered Accountants of India.

7) Previous year figures have been reworked, rearranged and/or regrouped wherever necessary.

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NOTES ON ACCOUNTS

8) Balance sheet Abstract of Company's General Business Profile:

Registration Details

Registration No.			1	2	8	3	0	1	**State Code**	1	1
Balance Sheet Date:	3	1	0	3	2	0	0	5			

Capital raised during the year (Amount in Rs. Thousand)

Public issue						N	I	L	Right Issue			N	I	L
Bonus issue						N	I	L	Private Placement			N	I	L

Position of Mobilisation and Development of funds (Amount in Rs. Thousand)

Total Assets				4	0	0	1	4	Total Liabilities			4	0	0	1	4
Sources of funds									**Application of Funds**							
Paid-up Capital				2	0	0	0	7	Net Fixed Assets					9	3	0
Reserves & Surplus						N	I	L	Investments					N	I	L
Secured Loans						N	I	L	Net Current Assets				3	1	0	8
Unsecured Loans				2	0	0	0	7	Misce. Expenditure			3	5	9	7	6

Performance of Company: (Amount in Rs. Thousand)

Turnover						N	I	L	Total Expenditure				N	I	L
Profit Before Tax						N	I	L	Profit After Tax				N	I	L
Earning Per Share (Rs.)						N	I	L	Dividend Rate				N	I	L

Generic Names of Threee Principal Products / Services of the Company (as per monetary terms)

Item Code No. NOT APPLICABLE

Product Description LIFE INSURANCE

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

Mumbai
Dated: 12th April, 2005

For and on behalf of the Board

Directors **Sandeep Tandon**
S. K. Kanwar
Sandeep Junnarkar

Secretary **V. Saravanan**

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Reliance Life Insurance Company Limited

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rupees in thousand)

Particulars	2004- 2005 Rs.	2004- 2005 Rs.	2003-2004 Rs.	2003-2004 Rs.
Cash and cash equivalents at the beginning of period		163		166
Cash flows from operating activities				
Pre-operative Expenses	- 14		- 66	
Staff Loans and Advances given	8		- 6 10	
Other Receipts/Payments	- 1 64		4 82	
Net Flow		- 1 70		- 1 94
Cash flows from investing activities				
Purchase of Fixed Assets	- 1 71		- 4 10	
Sale of Fixed Assets	2 81		6 01	
Net Flow		1 10		191
Cash flows from financing activities				
Funds from Holding Company		-		
Cash and cash equivalents at the end of period		1 03		1 63

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As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 12th April, 2005

For **Pathak H. D. & Associates**
Chartered Accountants

R S Vahia
Partner

For and on behalf of the Board

Directors **Sandeep Tandon**, **S. K. Kanwar**, **Sandeep Junnarkar**

Secretary **V. Saravanan**

Mumbai
Dated: 12th April, 2005

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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

ıe Board of Directors,
eliance Capital Limited

'e have examined the attached Consolidated Balance Sheet of Reliance apital Limited ("the Company") its subsidiaries and its associates, s at 31st March, 2005 and the Consolidated Profit and Loss Account ıd Consolidated Cash Flow Statement for the year then ended and ınnexed thereto. These financial statements are the responsibility of ıanagement of the Company. Our responsibility is to express an pinion on these financial statements based on our audit.

. We conducted our audit in accordance with generally accepted accounting standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

2. We did not audit the financial statements of Reliance Capital Asset Management Limited and Reliance Capital Trustee Co. Limited, whose financial statements reflect total assets of Rs. 37.58 crores as at 31st March, 2005 and total revenues of Rs. 50.28 crores for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

3. The financial statements of Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited, whose financial statements reflect total assets of Rs. 226.29 crores as at 31st March, 2005 and total revenues of Rs. 80.77 crores for the year then ended, have been jointly audited by us with other auditor, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the joint auditors report.

4. The financial statements of Reliance Europe Limited, an associate company, have been audited by other auditors whose report has been furnished to us and financial statements of WorldTel Holding Limited, an associate company, have been certified by management and our opinion, insofar as it relates to the amounts included in respect of these associates, is based solely on the report of the other auditors / management certified financial statements, as the case may be.

5. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investment in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiaries and its associates included in the consolidated financial statements.

6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries and its associates, we are of opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

 (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March, 2005;
 (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company for the year then ended and
 (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the year then ended.

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner
Membership No. 30658

Mumbai
Dated: 25th April, 2005

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Reliance Capital Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in crore)

	SCHEDULE	As at 31st March, 2005 Rs.	Rs.	As at 31st March, 2004 Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	A	127.84		127.97	
(b) Reserves & Surplus	B	1 365.28		1 396.92	
			1 493.12		1 524.89
Minority Interest			35.10		33.64
Loan Funds					
Unsecured Loans	C		1 313.55		1 633.47
Deferred Tax Liability (Net) (Refer Note No. 7 of Schedule "N")			1.39		1.74
TOTAL			2 843.16		3 193.74
APPLICATION OF FUNDS :					
Fixed Assets	D				
(a) Gross Block		552.06		548.39	
(b) Less: Depreciation		311.40		282.50	
(c) Lease Adjustment A/c		(20.32)		(4.60)	
(d) Net Block		220.34		261.29	
(e) Capital Work-in-Progress		13.05		18.97	
			233.39		280.26
Investments	E		1 756.02		1 741.75
Current Assets, Loans & Advances	F				
(a) Stock in Trade		306.05		402.83	
(b) Sundry Debtors		13.65		71.62	
(c) Cash & Bank Balances		36.18		31.43	
(d) Other Current Assets		482.21		382.28	
(e) Loans & Advances		153.60		840.05	
		991.69		1 728.21	
Less : Current Liabilities & Provisions	G				
(a) Current Liabilities		61.90		493.31	
(b) Provisions		82.96		71.63	
		144.86		564.94	
Net Current Assets			846.83		1 163.27
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	H		6.92		8.46
TOTAL			2 843.16		3 193.74
Accounting Policies	L				
Notes on Accounts	M				

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board

Chairman — **D. Chaturvedi**
Vice Chairman — **Anand Jain**
Directors — **D. J. Kapadia**, **S. S. Thakur**, **Sandeep H. Junnarkar**, **Alok Agarwal**
Company Secretary & Manager — **V. R. Mohan**

Mumbai
Dated: 25th April, 2005

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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in crore)

	SCHEDULE	2004-05		2003-04	
INCOME		Rs.	Rs.	Rs.	Rs.
Lease Income	I	28.93		48.14	
Other Income	J	396.96		409.89	
			425.89		458.03
EXPENDITURE					
Interest and Finance Charges	K	151.08		199.34	
Administrative and Other Expenses	L	107.05		86.81	
Depreciation		29.59		43.05	
Bad Debts Written Off		8.13		10.73	
Impairment Loss		5.92		-	
(Refer Note No. 3 of Schedule "D")					
Less: Transferred from General Reserve		(14.05)	-	(10.73)	-
Miscellaneous Expenditure Written Off		1.57		0.98	
			289.29		330.18
PROFIT BEFORE TAX			136.60		127.85
Provision for Tax					
Current Tax			12.74		4.17
Deferred Tax			(0.36)		1.42
PROFIT AFTER TAX			124.22		122.26
(Short) / Excess Provision for Valuation of Investments (Previous Year)			-		0.01
(Short) / Excess Provision for Tax for Previous years			(0.44)		(0.01)
			123.78		122.26
Less: Minority Interest's Share of Profit			1.46		2.24
PROFIT AFTER MINORITY INTEREST			122.32		120.02
Share of Profit / (Loss) of Associates			0.71		52.62
Loss on sale of Investment in Associate			(87.10)		-
PROFIT AFTER SHARE OF PROFIT / (LOSS) OF ASSOCIATES			35.93		172.64
Balance Brought Forward			308.73		220.20
Profit available for appropriations			344.66		392.84
APPROPRIATIONS					
Interim Dividend - Preference Shares (Rs. 4,453)			-		-
Proposed Dividend - Equity Shares		38.19		36.92	
Proposed Dividend - Preference Shares		-		-	
(Previous Year Rs. 42,179)					
Dividend Tax		5.45		4.73	
Transfer to Statutory Reserve Fund		21.18		21.15	
Transfer to General Reserve		24.65		21.31	
Transfer to Capital Redemption Reserve		0.13		-	
Balance Carried to Balance Sheet		255.06		308.73	
			344.66		392.84
Basic and diluted earning per equity share of Rs. 10 each (Rupees) (Refer Note No. 9 of Schedule "N")			2.82		13.56

As per our report of even date

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board

Chairman — **D. Chaturvedi**
Vice Chairman — **Anand Jain**
Directors — **D. J. Kapadia**, **S. S. Thakur**, **Sandeep H. Junnarkar**, **Alok Agarwal**
Company Secretary & Manager — **V. R. Mohan**

Mumbai
Dated: 25th April, 2005

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2005

(Rs. in crore)

		As at 31st March, 2005		As at 31st March, 2004	
SCHEDULE "A"		**Rs.**	**Rs.**	Rs.	Rs.
SHARE CAPITAL					
Authorised					
20,00,00,000	Equity Shares of Rs. 10 each	**200.00**		200.00	
1,00,00,000	Preference Shares of Rs. 100 each	**100.00**		100.00	
10,00,00,000	Unclassified Shares of Rs. 10 each	**100.00**		100.00	
			400.00		400.00
Issued and Subscribed					
12,86,50,450	Equity Shares of Rs. 10 each	**128.65**		128.65	
NIL	5% Cumulative Redeemable Preference				
(12,500)	Shares of Rs.100 each	**-**		0.13	
			128.65		128.78
Paid up					
12,73,06,244	Equity Shares of Rs. 10 each	**127.31**		127.31	
(12,73,06,244)					
Add:	Forfeited Shares (Amount originally paid up on 13,44,206 Equity Shares (Previous Year 13,44,206))	**0.53**		0.53	
			127.84		127.84
NIL	5% Cumulative Redeemable Preference				
(12,500)	Shares of Rs.100 each fully paid-up		**-**		0.13
			127.84		127.97

NOTES :

Of the above Equity Shares 18,70,000 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash.

SCHEDULE "B"					
RESERVES AND SURPLUS					
Capital Reserve					
As per last Balance Sheet		**6.37**		6.36	
Add: Amount received on forfeited shares		**-**		0.03	
		6.37		6.39	
Less: On Annulment of shares		**-**		0.02	
			6.37		6.37
Capital Reserve on consolidation of subsidiaries			**4.84**		4.84
Capital Redemption Reserve					
As per last Balance Sheet		**10.00**		10.00	
Add : Amount Transferred from Profit & Loss Account		**0.13**		-	
			10.13		10.00
Securities Premium Account					
As per last Balance Sheet		**744.58**		734.66	
Add: On Issue of Preference Shares		**-**		9.88	
Add: On Annulment of Shares		**-**		0.04	
		744.58		744.58	
Less: Premium on Redemption of Preference Shares		**9.88**		-	
			734.70		744.58
Statutory Reserve Fund *					
As per last Balance Sheet		**158.52**		137.37	
Add: Amount transferred from Profit & Loss Account		**21.18**		21.15	
			179.70		158.52
General Reserve					
As per last Balance Sheet		**163.88**		153.30	
Add: Amount transferred from Profit & Loss Account		**24.65**		21.31	
		188.53		174.61	
Less: Amount transferred to Profit & Loss Account		**14.05**		10.73	
			174.48		163.88
Profit & Loss Account			**255.06**		308.73
			1,395.28		1,396.92

* Created pursuant to Reserve Bank of India (Amendment) Act, 1997.

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2005

(Rs. in crore)

	As at 31st March, 2005		As at 31st March, 2004	
SCHEDULE "C"	**Rs.**	**Rs.**	Rs.	Rs.
UNSECURED LOANS				
From Bodies Corporate	**1,240.00**		1,550.34	
Security Deposit Received - Lease	**73.55**		83.13	
		1,313.55		1,633.47

NOTES : Amount payable within one year is Rs. 1244.47 crores (Previous Year Rs. 1059.92 crores).

SCHEDULE 'D'
FIXED ASSETS

(Rs. in crore)

DESCRIPTION	Gross Block				Depreciation		Lease	Net Block	
	As at 1.4.2004 Rs.	Additions/ Adj. Rs.	Deductions/ Adj. Rs.	As at 31.3.2005 Rs.	For the year Rs.	Up to 31.3.2005 Rs.	Adjustment 31.3.2005 Rs.	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
Assets on lease									
Plant & Machinery	266.52	-	-	**266.52**	14.83	**200.82**	(16.85)	**48.85**	80.00
Furniture & Fittings	0.20	-	-	**0.20**	0.01	**0.12**	(0.08)	**-**	-
Ships	39.60	-	-	**39.60**	2.78	**15.11**	(22.87)	**1.62**	8.12
Aircraft	105.79	-	-	**105.79**	5.93	**27.15**	19.48	**98.12**	99.74
Office & Other Equipments	0.01	-	-	**0.01**	-	**0.01**	-	**-**	-
Sub - total	412.12	-	-	**412.12**	23.55	**243.21**	(20.32)	**148.59**	187.86
Assets for own use									
Buildings	119.74	0.04	-	**119.78**	3.26	**57.79**	-	**61.99**	65.21
Computer Software	-	1.25	-	**1.25**	0.26	**0.26**	-	**0.99**	-
Furniture & Fittings	4.74	0.41	0.06	**5.09**	0.64	**3.08**	-	**2.01**	2.28
Office & Other Equipments	8.97	2.87	0.13	**11.71**	1.41	**6.12**	-	**5.59**	4.20
Motor Vehicles	2.82	0.44	1.15	**2.11**	0.48	**0.94**	-	**1.17**	1.74
Sub - total	136.27	5.01	1.34	**139.94**	6.05	**68.19**	-	**71.75**	73.43
Grand Total	548.39	5.01	1.34	**552.06**	29.60	**311.40**	(20.32)	**220.34**	261.29
Previous Year	866.23	3.57	321.41	**548.39**	43.05	**282.50**	(4.60)	**261.29**	
Capital Work-in-Progress Assets for own use								**13.05**	18.97
TOTAL								**13.05**	18.97

Notes :

1. Buildings include:
 (i) cost of shares in Co-operative Societies Rs.2,500 (Previous Year Rs.2,500)
 (ii) Rs.92.94 crores (Previous Year Rs. 92.94 crores) incurred towards purchase / acquisition of 131,881 Equity Shares of Re. 1 each of Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area of commercial premises.
2. Capital Work-in-progress includes amount of Rs. 13.05 crores (Previous Year Rs. 18.97 crores) incurred towards purchase / acquisition of 50,000 Equity Shares of Rs.10 each of Legend Housing Pvt. Ltd. with a right of occupancy of certain area in a commercial / residential premises under construction.
3. Capital Work-in-progress is net of impairment loss of Rs. 5.92 crores and is adjusted against the Greneral Reserves of the Company in tems of Accounting Standard (AS 28) on Impairment of Assets issued by the Institute of Chartered Accountants of India.

(Rs. in crore)

	As at 31st March, 2005		As at 31st March, 2004	
SCHEDULE "E"	**Rs.**	**Rs.**	Rs.	Rs.
INVESTMENTS				
In Associates (carrying amount)		**39.89**		130.71
In Others		**1,716.13**		1,611.04
		1,756.02		1,741.75

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2005

(Rs. in crore)

	As at 31st March, 2005		As at 31st March, 2004	
SCHEDULE "F"	**Rs.**	**Rs.**	Rs.	Rs.
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Stock in Trade		**306.05**		402.83
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
- Considered Doubtful	**-**		-	
- Considered Good (Rs. Nil, Previous Year Rs. 31,200)	**-**		-	
	-		-	
Other Debts, considered good	**13.65**		71.62	
		13.65		71.62
Cash & Bank Balances				
Cash & Cheques on hand	**3.81**		0.90	
Balances with the Scheduled Banks				
In Current Accounts	**10.60**		9.66	
In Fixed Deposit Account	**21.77**		20.66	
In Margin Money Account	**-**		0.01	
		36.18		31.43
Other Current Assets				
Interest Accrued on Investments	**475.83**		371.49	
Receivables for Assets on Lease	**6.38**		10.79	
		482.21		382.28
		838.09		888.16
LOANS & ADVANCES				
Loan to Others				
- Considered Doubtful	**3.00**		1.86	
- Considered Good	**81.58**		738.92	
		84.58		740.78
Advances recoverable in Cash or in kind or for value to be received				
- Considered Doubtful	**-**		7.96	
- Considered Good	**4.18**		5.81	
		4.18		13.77
Deposits	**10.44**		9.20	
TDS (Net)	**54.40**		76.30	
		64.84		85.50
		153.60		840.05

NOTES:

1 Income accrued on investments includes Rs. 470.20 crores (Previous Year Rs. 366.17 crores) accrued on Deep Discount Bonds issued by Reliance Communications Infrastrucutrue Ltd., a company under same management.

2 Loans to Others includes Rs. Nil due from Reliance Enterprises Ltd. (Maximum Balance outstanding during the year Rs. 49.31 crores) and Rs. Nil from Reliance Industrial Investments & Holdings Ltd. (Maximum Balance outstanding during the year Rs. 4.74 crores) companies under the same management.

3 Advances Recoverable in cash or in kind includes Rs. 0.05 crore due from the Manager / Officer (Previous Year Rs. 0.05 crore) (Maximum balance outstanding at any time during the year Rs. 0.05 crore (Previous Year Rs. 0.05 crore)).

4 In the opinion of the Management, Loans and Advances, other than doubtful, have been considered as good and fully recoverable. A provision for Sub-Standard / doubtful advances of Rs. 3.00 crores (Previous Year Rs. 9.81 crores) is made in accounts in accordance with Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2005

(Rs. in crore)

	As at 31st March, 2005		As at 31st March, 2004	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "G"				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Acceptances	-		228.65	
Sundry Creditors (Other than SSI)	9.90		13.17	
Other Liabilities	46.47		93.15	
Interest accrued but not due	-		152.55	
Investor Education and Protection Fund				
Unclaimed Dividend	5.30		5.44	
Unclaimed Fixed Deposit	0.23		0.35	
		61.90		493.31
PROVISIONS				
Provision for Wealth Tax (Net) (Rs. Nil, Previous year Rs. 49,028)	-		-	
Provision for sub - standard and doubtful assets	3.00		9.81	
Provision for diminution in value of Investments	1.11		-	
Provision for Leave Encashment	2.04		0.85	
Provision for Unexpired Risk	33.26		19.32	
Proposed Dividend on Shares	38.19		36.92	
Provision for Dividend Tax	5.36		4.73	
		82.96		71.63
		144.86		564.94

NOTES:

Investor Education and Protection Fund does not include any amounts, due and outstanding, to be credited to said fund.

SCHEDULE "H"

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Preliminary Expenses	3.92		4.26	
Add: Incurred During the year	0.03		0.04	
Less: Written off during the year	0.38		0.38	
		3.57		3.92
Deferred Revenue Expenditure	4.54		0.80	
Add: Incurred During the year	-		4.34	
Less: Written off during the year	1.19		0.60	
		3.35		4.54
		6.92		8.46

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SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

(Rs. in crore)

	2004 - 05		2003 - 04	
	Rs.	**Rs.**	Rs.	Rs.
SCHEDULE "I"				
LEASE INCOME				
Lease Rentals	**44.13**		45.46	
Less: Lease Equalisation (Net)	**15.73**		(1.89)	
		28.40		47.35
Lease Finance Charges		**0.53**		0.79
		28.93		48.14
SCHEDULE "J"				
OTHER INCOME				
Dividends on :				
Long Term Investments	**11.26**		11.32	
Stock in Trade	**7.22**		6.47	
		18.48		17.79
Interest & Finance Income on :				
Long Term Investments	**116.71**		160.73	
(Tax Deducted at Source Rs. 0.03 crore, Previous Year Rs. 3.94 crores)				
Others	**94.15**		121.82	
(Tax Deducted at Source Rs. 13.91 crores, Previous Year Rs. 22.09 crores)				
		210.86		288.55
Profit on sale of (Net):				
Long Term Investments	**29.58**		4.28	
Stock in Trade	**3.90**		1.21	
		33.48		5.49
Investment Management and Advisory Fees		**44.27**		32.05
Trustee Fees		**0.05**		0.05
Premium & Commission earned (Net)		**67.78**		51.54
Profit on Sale of Fixed Assets (Net)		**-**		0.01
Profit on Sale of Mobile Handsets		**6.94**		2.01
Bad Debts Recovered		**0.76**		-
Provision for Sub Standard and Doubtful Assets Reversed		**6.81**		9.96
Credit Balance written back (Net)		**1.85**		0.30
Rent		**5.09**		7.26
Miscellaneous Income		**0.59**		0.88
		396.96		409.89
SCHEDULE "K"				
INTEREST & FINANCE CHARGES				
Interest				
On Others		**151.08**		173.98
Discount on Assigned liability		**-**		25.36
		151.08		199.34

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SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

(Rs. in crore)

	2004 - 05		2003 - 04	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "L"				
ADMINISTRATIVE AND OTHER EXPENSES				
Payments to and provisions for employees -				
Salary, Bonus etc.	**19.17**		10.98	
Contribution to Provident Fund & other funds	**1.76**		1.05	
Staff Welfare & Other Amenities	**1.41**		1.05	
		22.34		13.08
Rent	**7.52**		9.87	
Rates and Taxes	**0.21**		0.06	
Repairs and Maintenance	**5.79**		3.41	
Electricity	**0.31**		0.58	
Legal & Professional Fees	**8.97**		8.57	
Membership & Subscription	**1.03**		0.77	
Insurance	**0.09**		0.03	
Travelling and Conveyance	**3.06**		2.16	
Postage, Telegram and Telephones	**6.52**		7.26	
Claims Incurred (Net)	**38.35**		23.73	
Loss on Sale of Fixed Assets (Net)	**0.13**		0.02	
Auditor's Remuneration	**0.33**		0.32	
Directors' Fees	**0.12**		0.05	
Donation	**0.23**		0.09	
Marketing and Publicity Expenses	**7.84**		13.27	
Miscellaneous Expenses	**4.21**		3.54	
		84.71		73.73
		107.05		86.81

ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

SCHEDULE "M"

A. Principles of consolidation

The consolidated financial statements relate to Reliance Capital Limited ('the Company'), its subsidiary companies and its associates. The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

iii) The difference between the cost of investment in the subsidiary companies over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss account as the profit or loss on disposal of investment in subsidiary.

v) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholder's of the company.

vi) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.

vii) The financial statements of the Company and its associates has been combined on the basis of equity method, whereby the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate. Unrealised profits and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's interest in the associate. Unrealised losses are not eliminated if and to the extent the cost of the transferred asset cannot be recovered. The consolidated statement of profit and loss reflects the Company's share of operations of the associate.

B. Other accounting policies

These are set out under "Accounting Policies" of the financial statements of the Company, Reliance Capital Asset Management Limited, Reliance Capital Trustee Co. Limited, Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited.

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NOTES ON CONSOLIDATED ACCOUNTS

SCHEDULE "N"

1.

(Rs. in crore)

		As at 31st March, 2005	As at 31st March, 2004
i)	**Contingent Liabilities:** Guarantees to Banks and Financial Institutions on behalf of third parties	**148.06**	223.27
ii)	Claims against the Company not acknowledged as debt (Sales Tax)	**0.11**	0.06
iii)	Unexpired Letter of Credit	**-**	27.73

2. During the year bad debts and advances amounting to Rs. 8.13 crores (Previous Year Rs. 10.73 crores) have been charged to Profit & Loss Account and has been adjusted against withdrawal from General Reserves.
3. During the year the Company has sold its 50% holding in Reliance Petroinvestments Ltd. Reliance Petroinvestments Ltd. held 46% equity shares of Indian Petrochemicals Corporation Ltd. (IPCL) Accordingly the consolidated financial results for the year ended 31st March, 2005 do not include the working of Reliance Petroinvestments Ltd. and IPCL.
4. Assets given on lease on or after 1st April, 2001

i)

(Rs. in crore)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five years
Future lease rentals receivables	5.54 (10.48)	4.94 (4.94)	0.60 (5.54)	- (-)
Add: Unguaranteed residual value	1.10 (1.10)	- (-)	1.10 (1.10)	- (-)
Gross Investments in lease	6.64 (11.58)	4.94 (4.94)	1.70 (6.64)	- (-)
Less: Unearned finance income	0.26 (0.79)	0.24 (0.53)	0.02 (0.26)	- (-)
Present value of the minimum Lease rentals receivables	6.38 (10.79)	4.70 (4.41)	1.68 (6.38)	- (-)

Figures in brackets represent previous year figures.

ii) General description of lease arrangements:
 a) Assets are generally given on lease for a period of five years.
 b) Lease rentals are charged on the basis of agreed rate of interest.

5. Assets taken on operating lease:

(Rs. in crore)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five years
Future lease rentals payable	0.49 (0.18)	0.15 (0.07)	0.34 (0.11)	- (-)

Figures in brackets indicate previous year figures

6. The income tax assessments of the Company have been completed up to Assessment Year 2002-03. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 19.91 crores, which is disputed. Based on the decisions of the Appellate authorities and the interpretation of other relevant provisions, the Company has been advised that no provision for tax is required.
7. Deferred Tax

Reliance Capital Limited

The Company has substantial unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. However, the availability of sufficient future taxable income against which such depreciation and losses can be set off cannot be stated to be virtually certain. Hence, deferred tax asset has not been recognised.

Subsidiaries

The major component of deferred tax

(Rs. in crore)

Particulars	As at 31st March, 2005	As at 31st March, 2004
Deferred tax liabilities		
- Related to Fixed Assets	**0.41**	0.18
- Deferred revenue expenditure	**1.23**	1.63
Deferred tax asset		
- Related to disallowance under Income Tax Act, 1961	**0.25**	0.07

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8. During the year Reliance Capital Asset Management Ltd. has changed the method of accounting of initial issue expenses of schemes of Reliance Mutual Fund. Hitherto the initial issue expenses were treated as deferred revenue expenses and were written off over a period of 5 years in equal annual installments. From the current year, such expenditure incurred on or after 1st April 2004 is charged to Profit and Loss Account to be in compliance with Accounting Standard 26 on "Intangible Assets" issued by the Institute of Chartered Accountants of India. As a result the Profit for the year and Reserves and Surplus are lower by Rs. 4.89 crores.
9. Basic and Diluted Earning Per Share
 For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered:

(Rs. in crore)

Particulars	For the year ended 31st March, 2005	For the year ended 31st March, 2004
a) Net Profit after tax	**35.93**	172.64
Less: Preference dividend and tax thereon	**-**	0.01
Net Profit available for equity shareholders (used as numerator)	**35.93**	172.63
b) Weighted average number of equity shares (used as denominator)	**12,73,06,244**	12,73,06,244
c) Basic and Diluted Earning Per Share (Rs.)	**2.82**	13.56

10. Miscellaneous Expenses referred to in Schedule 'L' include:
 i) Net Prior Period items Rs. 0.01 crore (net credit) (Previous year Rs. 0.02 crore (net credit)).
 ii) Sales tax paid (net) Rs. 2,325 (Previous Year Rs. 30,130 crore)
11. Related Party Disclosures
 List of related parties:
 i) Associates:
 a) Reliance Industries Ltd.
 b) Reliance Energy Ltd.
 c) Reliance Land Pvt. Ltd.
 d) Reliance Share & Stock Brokers Pvt. Ltd.
 e) Reliance Petroinvestments Ltd. - upto 31st March, 2005
 f) Reliance Europe Ltd.
 g) Reliance Mutual Fund
 h) Indian Petrochemicals Corporation Ltd. - upto 31st March, 2005
 i) WorldTel Holding Ltd.
 ii) Key Managerial Personnel:
 a) Shri V R Mohan – Company Secretary and Manager
 b) Shri Sandeep Tandon – Director
 c) Shri S K Kanwar – Director
 d) Shri Sandeep Junnarkar – Director
 e) Shri Vijay Pawar – Manager and Principal Officer

iii) Transactions during the year with related parties (Rs. in crore)

Particulars	Associates	Key Management Personnel	Total
Unsecured Loans from Bodies Corporate			
a) Taken during the year	4152.03	-	4152.03
	(6872.37)	(-)	(6872.37)
b) Repaid during the year	4152.13	-	4152.13
	(6872.27)	(-)	(6872.27)
c) Balance as at 31st March, 2005	-	-	-
	(0.10)	(-)	(0.10)
Security Deposit			
a) Repaid during the year	8.42	-	8.42
	(10.16)	(-)	(10.16)
b) Balance as at 31st March, 2005	4.01	-	4.01
	(12.43)	(-)	(12.43)
Assigned Liabilities			
a) Accepted during the year	-	-	-
	(147.03)	(-)	(147.03)
Fixed Assets			
a) Assets on Lease as at 31st March, 2005	80.03	-	80.03
	(80.03)	(-)	(80.03)
Investments			
a) Subscribed / Purchased during the year	285.23	-	285.23
	(56.49)	(-)	(56.49)
b) Redeemed / Sold during the year	36.19	-	36.19
	(29.46)	(-)	(29.46)

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c) Brokerage paid during the year	0.02	-	0.02
	(0.12)	(-)	(0.12)
d) Balance as at 31st March, 2005	463.79	-	463.79
	(460.40)	(-)	(460.40)
Stock-in-trade			
a) Subscribed / Purchased during the year	24.13	-	24.13
	(2162.13)	(-)	(2162.13)
b) Redeemed / Sold during the year	67.86	-	67.86
	(206.83)	(-)	(206.83)
c) Brokerage paid during the year	0.03	-	0.03
	(0.01)	(-)	(0.01)
d) Balance as at 31st March, 2005	280.62	-	280.62
	(280.62)	(-)	(280.62)
Sundry Debtors Balance as at 31st March, 2005	0.96	-	0.96
	(50.95)	(-)	(50.95)
Receivables for Assets on Lease			
a) Repaid during the year	1.92	-	1.92
	(1.92)	(-)	(1.92)
b) Balance as at 31st March, 2005	2.42	-	2.42
	(4.34)	(-)	(4.34)
Loans to Others			
a) Given during the year	1562.61	-	1562.61
	(3913.35)	(-)	(3913.35)
b) Returned during the year	1561.07	-	1561.07
	(4063.69)	(-)	(4063.69)
c) Balance as at 31st March, 2005	7.20	-	7.20
	(5.66)	(-)	(5.66)
d) Interest receivable as at 31st March, 2005	-	-	-
	(25.87)	(-)	(25.87)
Advances recoverable in cash or in kind			
a) Given during the year* (Rs. 4,600)	-	*	*
	(-)	(-)	(-)
b) Returned during the year* (Rs. 25,468, Previous Year Rs. 20,868)	-	*	*
	(-)	(*)	(*)
c) Balance as at 31st March, 2005	-	0.09	0.09
	(-)	(0.10)	(0.10)
d) Interest receivable as at 31st March, 2005	-	0.01	0.01
	(-)	(0.01)	(0.01)
Sundry Creditors as 31st March, 2005	0.52	-	0.52
	(0.59)	(-)	(0.59)
Other Liabilities			
a) Repaid during the year	5.66	-	5.66
	(-)	(-)	(-)
b) Balance as at 31st March, 2005	-	-	-
	(5.66)	(-)	(5.66)
Interest accrued but not due as at 31st March, 2005	-	-	-
	(60.86)	(-)	(60.86)
Income			
a) Lease Rentals	5.16	-	5.16
	(8.41)	(-)	(8.41)
b) Dividend	16.78	-	16.78
	(17.25)	(-)	(17.25)
c) Interest on Others	8.72	-	8.72
	(33.65)	(-)	(33.65)
d) Sale of Mobile Handsets	281.04	-	281.04
	(230.66)	(-)	(230.66)
e) Premium & Commission (Gross)	56.74	-	56.74
	(63.32)	(-)	(63.32)
f) Investment Management & Advisory Fees	43.74	-	43.74
	(32.05)	(-)	(32.05)
g) Trustee Fees	0.05	-	0.05
	(0.05)	(-)	(0.05)
h) Rent	5.09	-	5.09
	(7.18)	(-)	(7.18)
i) Miscellaneous Income	0.12	-	0.12
	(0.10)	(-)	(0.10)

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Expenditure			
a) Interest on Others	19.17 (76.55)	- (-)	19.17 (76.55)
b) Payments to and provisions for employees	- (-)	0.37 (0.28)	0.37 (0.28)
c) Claims	2.39 (7.73)	- (-)	2.39 (7.73)
d) Rent	4.82 (2.61)	- (-)	4.82 (2.61)
e) Legal & Professional Charges	4.88 (2.50)	- (-)	4.88 (2.50)
e) Postage, Telegram & Telephone Expenses	4.78 (-)	- (-)	4.78 (-)
Contingent Liability			
a) Guarantees to Banks and Financial Institutions against credit facilities to third parties	15.00 (15.00)	- (-)	15.00 (15.00)

Figures in bracket indicate previous year figures

Significant transactions with related parties:

i) Unsecured Loans from Bodies Corporate includes Rs. 4151.63 crores (Previous Year Rs. 6872.06 crores) taken from Reliance Industries Ltd.

ii) Unsecured Loans from Bodies Corporate includes Rs. 4151.63 crores (Previous Year Rs. 6872.06 crores) repaid by Reliance Industries Ltd.

iii) Security Deposit includes Rs. 8.42 crores (Previous Year Rs. 10.16 crores) repaid to Reliance Industries Ltd.

iv) Security Deposit as at 31st March, 2005 includes Rs. 4.01 crores (Previous Year Rs. 12.43 crores) payable to Reliance Industries Ltd.

v) Leased Assets as at 31st March, 2005 includes Rs. 80.03 crores (Previous Year Rs. 80.03 crores) leased to Reliance Industries Ltd.

vi) Investments includes Rs. 241.39 crores (Previous Year Rs. Nil) purchased from Reliance Industries Ltd. and Rs. 43.84 crores (Previous Year Rs. 33.84 crores) purchased from Reliance Mutual Fund.

vii) Investments includes Rs. 36.19 crores (Previous Year Rs. 29.46 crores) sold / redeemed by Reliance Mutual Fund.

viii) Investments includes Rs. 0.02 crore (Previous Year Rs. 0.12 crore) brokerage paid to Reliance Share & Stock Brokers Pvt. Ltd.

ix) Investments as at 31st March, 2005 includes Rs. 109.70 crores (Previous Year Rs. 109.70 crores) in shares of Reliance Industries Ltd. and Rs. 294.92 crores (Previous Year Rs. 294.92 crores) in shares of Reliance Energy Ltd.

x) Stock in trade includes Rs. 3.83 crores (Previous Year Rs. 1072.83 crores) purchased / subscribed from Reliance Industries Ltd. and Rs. 20.30 crores (Previous Year Rs. 640.75 crores) purchased / subscribed from Reliance Energy Ltd.

xi) Stock in trade includes Rs. 52.86 crores (Previous Year Rs. 187.53 crores) sold to / redeemed by Reliance Industries Ltd., Rs. 15.00 crores (Previous Year Rs. 15.75 crores) redeemed by Reliance Energy Ltd. and Rs. 10.00 crores (Previous Year Rs. 10.25 crores) sold to Reliance General Insurance Company Ltd.

xii) Stock in trade includes Rs. 0.03 crore (Previous Year Rs. 0.01 crore) brokerage paid to Reliance Share & Stock Brokers Pvt. Ltd.

xiii) Stock in trade as at 31st March, 2005 includes Rs. 278.62 crores (Previous Year Rs. 278.62 crores) in shares of Reliance Industries Ltd.

xiv) Sundry Debtors as at 31st March, 2005 includes Rs. 0.96 crore (Previous Year Rs. 8.26 crores) receivable from Reliance Mutual Fund.

xv) Receivables for Assets on Lease includes Rs. 1.92 crores (Previous Year Rs. 1.92 crores) repaid by Reliance Industries Ltd.

xvi) Receivables for Assets on Lease as at 31st March, 2005 includes Rs. 2.42 crores (Previous Year Rs. 4.34 crores) receivable for assets leased to Reliance Industries Ltd.

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xvii) Loans to Others includes Rs. 1555.02 crores (Previous Year Rs. 3893.89 crores) given to Reliance Industries Ltd.

xviii) Loans to Others includes Rs. 1555.02 crores (Previous Year Rs. 4043.89 crores) returned by Reliance Industries Ltd.

xix) Loans to Others as at 31st March, 2005 includes Rs. 7.20 crores (Previous Year Rs. 5.66 crores) given to Reliance Share & Stock Brokers Pvt. Ltd.

xx) Advance recoverable in cash or kind includes Rs. 4,600 /- (Previous Year Rs. Nil) advanced to Shri V R Mohan.

xxi) Advance recoverable in cash or kind includes Rs. 25,468 /- (Previous Year Rs. 20,868 /-) repaid by Shri V R Mohan.

xxii) Advance recoverable in cash or kind as at 31st March, 2005 includes Rs. 0.04 crore (Previous Year Rs. 0.05 crore) receivable from Shri V R Mohan and Rs. 0.05 crore (Previous Year Rs. 0.05 crore) receivable from Shri Vijay Pawar..

xxiii) Advance recoverable in cash or kind as at 31st March, 2005 includes Rs. 0.01 crore (Previous Year Rs. 0.01 crore) interest receivable from Shri V R Mohan.

xxiv) Sundry Creditors as at 31st March, 2005 includes Rs. 0.52 crore (Previous Year Rs. 0.29 crore) payable to Reliance Industries Ltd.

xxv) Other Liabilities includes Rs. 5.66 crores (Previous Year Rs. Nil) repaid to Reliance Industries Ltd.

xxvi) Lease Rentals includes Rs. 5.16 crores (Previous Year Rs. 8.41 crores) received from Reliance Industries Ltd.

xxvii) Dividend includes Rs. 8.64 crores (Previous Year Rs. 8.23 crores) received from Reliance Industries Ltd., Rs. 5.76 crores (Previous Year Rs. 7.03 crores) received from Reliance Energy Ltd. and Rs. 2.38 crores (Previous Year Rs. 1.99 crores) received from Reliance Mutual Fund.

xxviii) Interest on Others includes Rs. 7.58 crores (Previous Year Rs. 32.54 crores) received from Reliance Industries Ltd.

xxix) Sale of Mobile Handsets includes Rs. 281.04 crores (Previous Year Rs. 230.66 crores) sold to Reliance Industries Ltd.

xxx) Premium & Commission (Gross) includes Rs. 56.74 crores (Previous Year Rs. 63.32 crores) premium received from Reliance Industries Ltd.

xxxi) Investment Management & Advisory Fees includes Rs. 43.74 crores (Previous Year Rs. 32.05 crores) received from Reliance Mutual Fund.

xxxii) Trustee Fees includes Rs. 0.05 crore (Previous Year Rs. 0.05 crore) received from Reliance Mutual Fund.

xxxiii) Rent includes Rs. 5.09 crores (Previous Year Rs. 7.18 crores) received from Reliance Industries Ltd.

xxxiv) Miscellaneous income includes Rs. 0.08 crore (Previous Year Rs. 0.05 crore) received from Reliance Industries Ltd. and Rs. 0.04 crore (Previous Year Rs. 0.04 crore) received from Reliance Share & Stock Brokers Pvt. Ltd.

xxxv) Interest on Others includes Rs. 19.16 crores (Previous Year Rs. 76.55 crores) paid to Reliance Industries Ltd.

xxxvi) Payments to and provision for employees includes Rs. 0.09 crore (Previous Year Rs. 0.09 crore) paid to Shri V R Mohan and Rs. 0.28 crore (Previous Year Rs. 0.21 crore) paid to Shri Vijay Pawar.

xxxvii) Claims paid includes Rs. 2.39 crores (Previous Year Rs. 7.70 crores) paid to Reliance Industries Ltd.

xxxviii) Rent includes Rs. 4.82 (Previous Year Rs. 2.56 crores) paid to Reliance Industries Ltd.

xxxix) Legal & Professional Charges includes Rs. 4.88 crores (Previous Year Rs. 2.50 crores) paid to Reliance Industries Ltd.

xxxx) Postage, Telegram and Telephone expenses includes Rs. 4.78 crores (Previous Year Rs. Nil) paid to Reliance Industries Ltd.

xxxxi) Guarantees to Banks and Financial Institution on behalf of third parties includes Rs. 15.00 crores (Previous Year Rs. 15.00 crores) for Reliance Share & Stock Brokers Pvt. Ltd.

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NOTES ON CONSOLIDATED ACCOUNTS

12. The company is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting

(Rs. in crore)

	Finance	Others	Elimination	Total
Revenue				
i) External	294.93	130.96		425.89
	(356.03)	(102.00)		(458.03)
ii) Inter Segment	0.76	0.11	0.87	-
	(0.76)	(1.19)	(1.95)	(-)
Total Revenue	295.69	131.07	0.87	425.89
	(356.79)	(103.84)	(1.95)	(458.03)
Result				
Segment Result	111.21	25.39		136.60
	(105.79)	(22.06)		(127.85)
Profit before tax				136.60
				(127.85)
Provision for Tax				12.82
				(5.59)
Profit after Tax				123.78
				(122.26)
Less: Minority Interest's Share of Profit				1.46
				(2.24)
Share of Profit / (Loss) of Associates				0.71
				(52.62)
Loss on sale of Investments in Associate				(87.10)
				(-)
Profit after Minority Interest and Share of Profit / (Loss) of associates				35.93
				(172.64)
Other Information				
Segment Assets	2815.20	263.89	91.07	2988.02
	(3594.62)	(255.13)	(91.07)	(3758.68)
Segment Liabilities	1328.47	124.88	2.00	1451.35
	(2103.16)	(132.63)	(2.00)	(2233.79)
Capital Expenditure	0.04	4.97		5.01
	(0.49)	(3.08)		(3.57)
Depreciation	27.77	1.82		29.59
	(42.09)	(0.96)		(43.05)
Non-cash expenses other than depreciation	-	1.57		1.57
	(-)	(0.98)		(0.98)

Figures in bracket indicate previous year figures

Notes:

i) As per accounting Standard (AS 17), issued by the Institute of Chartered Accountants of India, the Company has reported segment information on the consolidated basis including business conducted through its subsidiaries.

ii) The reportable segments are further described below:

a) The company's main business segment is of Finance,

b) Other operations include insurance and mutual fund (asset management) business.

iii) Since all the operations of the company are conducted within India, as such there is no separate reportable geographical segment.

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NOTES ON CONSOLIDATED ACCOUNTS

13. Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock for Stock in Trade.

(Rs. in crore)

	Quantity		Value	
	As at 31st March, 2005	As at 31st March, 2004	**As at 31st March, 2005**	As at 31st March, 2004
OPENING STOCK				
Equity Shares	**2,03,48,554**	1,75,00,093	**333.34**	284.73
Preference Shares	**-**	-	**-**	-
Debentures	**2,00,000**	3,13,684	**2.00**	71.69
Government Securities	**41,45,500**	-	**61.77**	-
PSU Bonds	**53**	20	**5.72**	0.21
Mobile Handsets	**-**	-	**-**	-
			402.83	356.63
PURCHASES / TRANSFERS				
Equity Shares	**17,60,169**	28,48,461	**15.57**	48.94
Preference Shares	**50,00,000**	-	**25.00**	-
Debentures	**71,868**	6,88,433	**278.16**	2,442.88
Government Securities	**86,00,580**	99,83,490	**103.02**	143.23
PSU Bonds	**5,573**	1,521	**177.33**	80.36
Mobile Handsets	**8,42,320**	6,58,640	**274.10**	228.65
			873.18	2,944.06
SALES /TRANSFERS				
Equity Shares	**41,23,555**	-	**50.94**	-
Preference Shares	**50,00,000**	-	**26.43**	-
Debentures	**71,868**	8,02,117	**276.52**	2513.80
Government Securities	**1,27,46,080**	58,37,990	**164.72**	81.57
PSU Bonds	**5,626**	1,488	**181.15**	75.05
Mobile Handsets	**8,42,320**	6,58,640	**281.04**	230.66
			980.80	2,901.08
CLOSING STOCK				
Equity Shares	**1,73,36,821**	2,03,48,554	**304.05**	333.34
Preference Shares	**-**	-	**-**	-
Debentures	**2,00,000**	2,00,000	**2.00**	2.00
Government Securities	**-**	41,45,500	**-**	61.77
PSU Bonds	**-**	53	**-**	5.72
Mobile Handsets	**-**	-	**-**	-
			306.05	402.83

14. Auditors' Remuneration includes:

(Rs. in crore)

Particulars	**2004-05**	2003-04
i) Audit Fees	**0.24**	0.23
ii) Tax Audit Fees	**0.07**	0.07
iii) In other capacity	**0.01**	0.01
iv) Out of Pocket Expenses	**0.01**	0.01

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NOTES ON CONSOLIDATED ACCOUNTS

15. The subsidiary companies / associate companies considered in the consolidated financial statements are as under :

Name of the Companies	Country of incorporation	Year Ending	Proportion of ownership interest
Subsidiary Companies			
Reliance Capital Asset Management Limited	India	31st March, 2005	100%
Reliance Capital Trustee Co. Limited	India	31st March, 2005	100%
Reliance General Insurance Company Limited	India	31st March, 2005	75%
Reliance Life Insurance Company Limited	India	31st March, 2005	75%
Associate Companies			
Reliance Europe Limited	U K	31st December, 2004	25%
Reliance Share & Stock Brokers Pvt. Ltd.	India	31st March, 2005	50%
Reliance Land Pvt. Ltd.	India	31st March, 2005	50%
WorldTel Holding Ltd.*	Bermuda	31st December. 2004	47%

* Unaudited

16. The investments of Reliance General Insurance Company Limited amounting to Rs. 172.83 crores (Previous Year Rs. 182.11 crores) have been accounted on held till maturity basis in accordance with the Insurance Regulatory & Development Act, 1999 and the regulations framed thereunder read with relevant provisions of Insurance Act, 1938 and Companies Act, 1956.

17. The Miscellaneous Expenditure of all the subsidiaries amounting to Rs. 6.93 crores (Previous Year Rs. 8.46 crores) have been carried to Balance Sheet in view of absence of Securities Premium Account in the respective companies

18. Reliance Life Insurance Company Limited has applied for registration with the Insurance Regulatory & Development Authority and the same is pending.

19. Since Reliance Life Insurance Company Limited has not commenced business, expenditure incurred during the year of Rs. 0.03 crore (Previous Year Rs. 0.04 crore) are treated as pre-operation expenses (included in Preliminary Expenses) and carried to the Balance Sheet.

20. Goodwill of Rs. 10.04 crores (Previous Year Rs. 10.75 crores) arising at the time of acquisition of associates has been included in the carrying amount of investment in associates, as per Accounting Standard (AS 23) on Accounting for Investment in Associates in Consolidated Financial Statements.

21. (a)The previous year's figures have been reworked, regrouped and reclassified wherever necessary

 (b)Figures have been presented in 'crores' of rupees with two decimals in accordance with the approval received from the Company Law Board. Figures less than Rs. 50,000 have been shown at actual in brackets.

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board

Chairman — **D. Chaturvedi**
Vice Chairman — **Anand Jain**
Directors — **D. J. Kapadia**, **S. S. Thakur**, **Sandeep H. Junnarkar**, **Alok Agarwal**
Company Secretary & Manager — **V. R. Mohan**

Mumbai
Dated: 25th April, 2005

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Reliance Capital Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in crore)

Particulars	2004-2005 Rs.	2004-2005 Rs.	2003-2004 Rs.	2003-2004 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after Share of Profit / (Loss) of Associates		**35.93**		172.64
Adjusted for				
Extraordinary items		**(0.01)**		(0.02)
Minority Interest's Share of Profits		**1.46**		2.24
Share of Profit of Associates		**(0.71)**		(52.62)
Loss on sale of Investment of Associate		**87.10**		-
Net profit before tax and extraordinary items		**123.77**		122.24
Adjusted for				
Depreciation	**29.59**		43.05	
Lease Equalisation	**15.73**		(1.89)	
Provision for Tax	**13.02**		5.59	
Miscellaneous Expenditure written off	**1.57**		0.98	
Provision for Sub Standard Assets Reversed	**(6.81)**		(9.96)	
Miscellaneous Expenditure	**(0.03)**		(4.38)	
Investments -				
Interest/Dividend Income	**(127.97)**		(172.05)	
(Profit) / Loss on sale of Investment (Net)	**(29.58)**		(4.28)	
Interest Expenses	**151.08**		199.34	
Loss / (Profit) on sale of Fixed Assets (Net)	**(0.13)**	**46.47**	0.01	56.41
Operating Profit before Working Capital Changes		**170.24**		178.65
Adjusted for				
Trade and Other Receivables	**734.67**		(497.56)	
Inventories	**96.78**		(46.20)	
Trade Payables	**(262.83)**	**568.62**	232.90	(310.86)
Cash generated from operations		**738.86**		(132.21)
Interest Paid	**(303.63)**		(81.86)	
Taxes Paid	**(6.96)**	**(310.59)**	(5.71)	(87.57)
Cash Flow before extraordinary items		**428.27**		(219.78)
Extraordinary Items		**0.01**		0.02
Net Cash from/(used in) Operating Activities		**428.28**		(219.76)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		**(5.01)**		(3.57)
Sale of Fixed Assets		**0.77**		128.18
Purchase of Investments		**(389.42)**		(1,097.84)
Sale of Investments		**318.34**		1,279.24
Interest Received		**12.34**		96.26
Dividend Received		**11.26**		11.32
Net Cash from/(used in) Investing Activities		**(51.72)**		413.59
C. Cash Flow from Financing Activities				
Issue / (Redemption) of Preference Share Capital		**(10.00)**		10.00
Proceeds from Long Term Borrowings		**-**		647.03
Repayment of Long Term Borrowings		**(509.58)**		(513.87)
Proceeds from / (Repayment of) Short Term Borrowings		**189.66**		(285.50)
Dividend Paid		**(41.89)**		(41.29)
Net Cash from/(used in) Financing Activities		**(371.81)**		(183.63)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		**4.75**		10.20
Opening Balance of Cash and Cash Equivalents		**31.43**		21.23
Closing Balance of Cash and Cash Equivalents		**36.18**		31.43

The previous year's figures have been regrouped and reclassified wherever necessary.

As per our report of even date

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 25th April, 2005

For and on behalf of the Board

Chairman — **D. Chaturvedi**
Vice Chairman — **Anand Jain**
Directors — **D. J. Kapadia**, **S. S. Thakur**, **Sandeep H. Junnarkar**, **Alok Agarwal**
Company Secretary & Manager — **V. R. Mohan**

Mumbai
Dated: 25th April, 2005

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Nomination Form

[To be filled in by individual(s)]

To,	From Name of shareholder and address
Reliance Capital Limited C/o Karvy Computershare Private Limited 46, Avenue 4, Street No.1 Banjara Hills Hyderabad 500 034	_____ _____ Folio No. _____ No. of Shares _____

I am / we are holder(s) of Shares of the Company as mentioned above. I/We nominate the following person in whom all rights of transfer and/or amount payable in respect of Equity Shares shall vest in the event of my/our death.

Nominee's name																					**Age**			
To be furnished in case the nominee is a minor													Date of Birth											
Guardian's Name & Address*																								
Occupation of	1	Service		2	Business		3	Student		4	Household													
Nominee Tick (✓)	5	Professional		6	Farmer		7	Others																
Nominee's Address																								
															Pin Code									
Telephone / Cell No.															Fax No.									
Email Address																STD Code								
Specimen signature of Nominee / Guardian (in case nominee is minor)																								

* To be filled in case nominee is a minor

Kindly take the aforesaid details on record.

Thanking you,

Yours faithfully,

Date:

Name and address of equity shareholder (as appearing on the Certificate(s))	Signature (as per specimen with company)
Sole/1st holder (address)	
2nd holder	
3rd holder	
4th holder	

Witnesses (two)	
Name and Address	Signature & Date
1.	
2.	

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INSTRUCTIONS :

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.

2. The nomination can be made by individuals only. This facility is not available to non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family and holders of power of attorney. If the Shares are held jointly all joint holders must sign (as per the specimen registered with the Company) the nomination form.

3. A minor can be nominated by a holder of Shares and in that event the name and address of the Guardian should be given by the holder.

4. The nominee can not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.

5. Transfer of Shares in favour of a nominee shall be a valid discharge by the Company against the legal heir(s).

6. Only one person can be nominated for a given folio.

7. Details of all holders in a folio need to be filled in, else the request will be rejected.

8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the Company) and (b) the nominee.

9. This nomination will stand rescinded whenever the Shares in the given folio are entirely transferred or dematerialised.

10. Upon receipt of a duly executed nomination form, the Registrar and Transfer Agent of the Company will register the form and allot a registration number. The registration number and folio No. should be quoted by the nominee in all future correspondence.

11. The nomination can be varied or cancelled by executing fresh nomination form.

12. The Company will not entertain any claim other than that of a registered nominee, unless so directed by any competent court.

13. The intimation regarding nomination / nomination form should be filed in duplicate with the Registrar and Transfer Agents of the Company who will return one copy thereof to the Shareholders.

14. For shares held in dematerialised mode, nomination is required to be filed with the Depository Participant in their prescribed form.

FOR OFFICE USE ONLY
Nomination Registration Number
Date of Registration
Checked by (Name and Signature)

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List of Investor Service Centres of Karvy Computershare Private Limited

No.	CITY / CENTRE	STD CODE	PHONE - OFFICE
	AGRA	0562	2526660 to 63
	AHMEDABAD	079	26420422 / 26400527 / 28
	ALIGARH	0571	2509106 to 08
	ALLAHABAD	0532	2561073 to 74
	ANANTAPUR	08554	249601 / 249607 / 249608
	ANKLESHWAR	02646	243291 / 243292 / 243392 / 243955
	AURANGABAD	0240	2363517 / 23 / 24 / 30
	BANGALORE	080	26621192 / 26621193
1	BAREILLY	0581	2476797 / 2476809
0	BELGAUM	0831	2402544 / 2402722 / 2402880
1	BELLARY	08392	254531, 254532
12	BHARUCH	02642	242082 / 242394 / 241546
13	BHAVNAGAR	0278	2525005. 2525006
14	BHIMAVARAM	08816	231766 / 67 / 68 / 69
15	BHOPAL	0755	2559332, 2559337, 2574569, 2574589, 2574731
16	BHUBANESHWAR	0674	2547531 to 34, 2547382
17	CALICUT	0495	2760882, 2760884
18	CHANDIGARH	0172	5071726, 5071727, 5071728, 5079702
19	CHENNAI	044	28153445, 28151034, 28153658
20	CHILAKALURIPET	08647	257501
21	COIMBATORE	0422	2237501 TO -506, 2231387, 2237990
22	CUTTACK	0671	2335187, 3110827, 3109972
23	DEHRADUN	0135	2713351, 2714046, 2714047
24	DINDIGUL	0451	2436077, 2436177
25	DURGAPUR	0343	2586375 to 77
26	ELURU	08812	227851 / 52 / 54
27	ERODE	0424	2225603, 225615, 2225616, 2225617, 2225624
28	GHAZIABAD	0120	2701886, 2701891
29	GOBICHETTIPALAYAM	04285	226275, 226276
30	GORAKHPUR	0551	2333825, 2333814
31	GUNTUR	0863	2326684 / 2326686
32	HALDIA	03224	276755 to 57
33	HUBLI	0836	2353962, 2353974, 2353975
34	HYDERABAD	040	23312454 / 23320251
35	INDORE	0731	5069891, 5069892, 5069893
36	JAIPUR	0141	2375099, 2363321, 2375039
37	JAMNAGAR	0288	2557862 TO 65
38	JAMSHEDPUR	0657	2487020, 2487045, 2487048
39	JUNAGADH	0285	2624154 / 2624140 / 2624125
40	KAKINADA	0884	2387382 / 2387383
41	KANPUR	0512	2330127, 2331445, 3092333, 3096000
42	KARAIKUDI	04565	237192, 237193
43	KARUR	04324	241892, 241893, 241894

S. No.	CITY / CENTRE	STD CODE	PHONE - OFFICE
44	KOCHI	0484	2310884, 2322152
45	KOLKATA	033	24634787 to 89, 24647231, 24647232, 24644891
46	LUCKNOW	0522	2236820 to 26
47	MADURAI	0452	2350855, 2350852 to 854
48	MANGALORE	0824	2492302, 2496332, 2492901
49	MATTANCHERRY	0484	2223243
50	MUMBAI	022	26730799 / 843 / 311 / 867 / 153 / 292
51	MUMBAI	022	30325600, 30325624, 30325645
52	MYSORE	0821	2524292, 2524294
53	NADIAD	0268	2563210 / 2563245 / 2563248
54	NASIK	0253	2577811, 5602542, 5602543, 5602544
55	NELLORE	0861	2349935 / 2349936 / 2349937
56	NEW DELHI	011	23324401 / 23353835 / 981
57	PALGHAT	0491	2547143
58	PANJIM	0832	2426870, 2426871, 2426872
59	PATNA	0612	2321355 / 56
60	PONDICHERRY	0413	2220636. 2220640
61	PRODDATUR	08564	250822 / 250823 / 250824
62	PUNE	020	4048790
63	RAJAHMUNDRY	0883	2434468 / 2434469
64	RAJKOT	0281	2239403 / 2239404 / 2239338 / 2294316
65	RANCHI	0651	2330386, 2330394, 2330320
66	RENUKOOT	05446	254201
67	ROURKELA	0661	2510771, 2510772
68	SALEM	0427	2335700 TO 704
69	SHIMOGA	08182	228795, 228796, 227485
70	SURAT	0261	8357356 / 8351976 / 8369928
71	TANJORE	04362	279407. 279408
72	THENI	04546	261285, 261108
73	TIRUPATI	0877	2252756
74	TIRUPUR	0421	2205865, 5330158
75	TRICHUR	0487	2322483, 2322484
76	TRICHY	0431	2798200, 2791000
77	TRIVANDRUM	0471	2725987, 2725989 to 991
78	TUMKUR	0816	2261891, 2261892, 2261893
79	UDUPI	0820	2530962, 2530963, 2530964
80	VADODARA	0265	2225325 / 2225389
81	VALLABH-VIDHYANAGAR	02692	248980, 248873
82	VARANASI	0542	2225365, 2223814
83	VIJAYAWADA	0866	2495200 / 400 / 500 / 600 / 700 / 800
84	VISHAKAPATNAM	0891	2752915 to 18
85	VISHAKAPATNAM - GAJUWAKA	0891	2511685, 2511686

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